

DOJ EXECUTIVE SECRETARIAT CROSS-REFERENCE RECORD



CONTROL NUMBER: 92041706049

YEUTTER, CLAYTON, WH

THE ENTIRE DOCUMENT PACKET FOR THE CONTROLLED
CORRESPONDENCE INDICATED BY THE ABOVE EX.SEC.
CONTROL NUMBER HAS BEEN FILED IN THE FOLLOWING
PRIMARY FILE LOCATION WITHIN THE SUBJECT FILES
OF THE ATTORNEY GENERAL.

PRIMARY FILE: WORKING GROUPS/On Commercial
Maritime Policy
16 APRIL 1992

WHITE HOUSE CORRESPONDENCE / General

16 APR 92

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: YEUTTER, CLAYTON, COUNSELLOR TO THE PRES./DOMESTIC POLICY
To: GRAY, C. BOYDEN, WHITE HOUSE (CC: AG.) ODD: NONE
Date Received: 04-08-92 Date Due: NONE Control #: X92040905622
Subject & Date

04-07-92 MEMO (COPY) REGARDING THE LEGAL ISSUES IMPLICATED
BY THE OREGON MEDICAID WAIVER NOW PENDING AT THE DEPARTMENT
OF HEALTH AND HUMAN SERVICES (HHS). ADVISES THAT HE DOES
NOT HAVE ANY RESERVATIONS ABOUT HAVING A "LEGAL SCRUB" OF
THESE WAIVER APPLICATIONS, AND THAT HE IS PREPARED TO DEFER
TO MR. GRAY AND THE AG ON THE INTERPRETATIONS; WITH
ATTACHMENT.

Referred To:	Date:	Referred To:	Date:	
(1) OAG;	04-09-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1P
INTERIM BY:		DATE:		OPR:
Sig. For: NONE		Date Released:		MAU

Remarks
INFO CC: DAG, ASG.
(1) FOR INFORMATION.

Other Remarks:

OLA CONTACT:
IHR 4/10/92
FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

7 APRIL 92

THE WHITE HOUSE
WASHINGTON

DATE: Apr. 7, 1992

RECEIVED
DEPARTMENT OF JUSTICE
APR 7 1992

TO: Boyden Gray

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Boyden, my apologies for not being prompt in responding to this. Last week's schedule was rugged!

I have seen Gail Wilensky's comments, and have talked with her about this. Neither of us has any reservations about having a legal scrub of these waiver applications. And we're obviously prepared to defer to you and Bill Barr on the interpretations.

There are, however, some special sensitivities to these applications, so please coordinate closely with us, especially on matters of timing. The best way to do this is through Gail. With Governors being involved, local politics, etc. we need to make sure we all operate on the same wavelength.

CY

cc S. Skinner; Gail W.

bc: Attorney General Bill Barr

R. Porter
B. Anderson

EXECUTIVE SECRETARIAT

92 APR -8 P4:25

DEPARTMENT OF JUSTICE

THE WHITE HOUSE
WASHINGTON

April 1, 1992

MEMORANDUM FOR CLAYTON YEUTTER

FROM: C. BOYDEN GRAY

Original signed by CBO

SUBJECT: Oregon Medicaid Waiver

As you know, my staff has conducted a preliminary review of the legal issues implicated by the Oregon Medicaid waiver request now pending at the Department of Health and Human Services (HHS). Based on the analysis completed to date, and consultation with HHS General Counsel's office, and the Justice Department's Office of Legal Counsel, we believe that we need to take a more comprehensive look at the waiver and how it affects certain civil rights statutes, particularly the Americans with Disabilities Act (ADA).

We propose to work with HHS and the Department of Justice to determine whether the waiver violates the ADA. The approach that we adopt with respect to the ADA is especially important because the ADA has not yet been widely interpreted by the courts. In litigation arising from the ADA, the government is both plaintiff and defendant. For this reason, in determining whether the Oregon Medicaid waiver violates the ADA, we, HHS, and Justice think the right question to ask is not "can we make a plausible argument that the waiver is legal" but rather "is the waiver legal under the general approach the government plans to take in interpreting the ADA and in defending against challenges brought under it?" This is a fairly difficult issue that requires coordination with the relevant agencies to assure consistency with the positions the government has taken or expects to take in other ADA litigation.

The down side to a closer look at these legal issues is that it may lead to the conclusion that Oregon needs to make substantive changes in its plan in order to survive legal scrutiny. I am not at all sure that will be the case. HHS has already concluded, upon conducting this closer examination with respect to the Child Nutrition Amendments Act of 1984, that Oregon must change its plan with respect to its treatment of low birth weight newborns. The difficulties associated with not looking at this issue more closely however, seem to me substantially more serious in that the Administration will appear to lack commitment to enforcing a statute the President strongly supported in an area important to core supporters of the President (e.g., U.S. Catholic Conference, National Right to Life).

I understand that Secretary Sullivan has said publicly that he will decide whether to grant the Oregon waiver sometime this spring. I also understand that, if a waiver is granted, Oregon would like to start its program in early July. I believe that the further legal analysis I am proposing will help inform the Secretary's decision and I do not expect that it will cause undue delay to the process.

Please let me know if this approach meets with your approval.

cc: Samuel K. Skinner
Gail R. Wilensky

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: YEUTTER, CLAYTON, COUNSELLOR TO THE PRES./DOMESTIC POLICY
To: AG. ODD: NONE
Date Received: 04-08-92 Date Due: NONE Control #: X92040905619
Subject & Date

04-06-92 MEMO ADVISING THAT THE AG'S RECENT ANTITRUST
ANNOUNCEMENTS--THE MERGER GUIDELINES AND EXPORT
IMPEDIMENTS-- RECEIVED EXCELLENT PRESS COVERAGE.
EXPRESSES HIS THANKS AND CONGRATULATIONS TO BOTH THE
AG AND AAG RILL.

SEE EXEC. SEC. 92031704274 AND 92040105216 - CONTRO
SHEETS ATTACHED.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	04-09-92	(5)			W/IN:
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	Sig. For: NONE		Date Released:			MAU

Remarks
INFO CC: ASG, ATR.
(1) FOR INFORMATION.

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

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6 APR 11 92

THE WHITE HOUSE
WASHINGTON

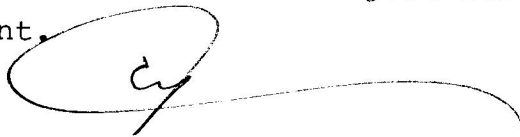
DATE: Apr. 6, 1992

TO: Attorney General Barr

FROM: **CLAYTON YEUTTER**
Counsellor to the President for
Domestic Policy

Bill, both your antitrust announcements of last week--the merger guidelines and export impediments--received excellent press coverage. I was in California Saturday, and there was even a fine article in the Orange County newspaper on the latter announcement.

Thanks and congratulations to both you and Jim Rill. Those were good for the President.



cc Sam Skinner

EXECUTIVE SECRETARIAT

'92 APR -8 P4:23

RECEIVED
DEPARTMENT OF JUSTICE

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: SCOWCROFT, BRENT, THE WHITE HOUSE

To: AG. & OTHERS

ODD: NONE

Date Received: 04-07-92 Date Due: NONE

Control #: X92040705483

Subject & Date

04-06-92 MEMO ADVISING THAT THE DEPARTMENT OF THE NAVY IS SPONSORING ITS GLOBAL WAR GAME 92 FROM JULY 13-31, 1992, AT THE NAVAL WAR COLLEGE IN NEWPORT, RI. GLOBAL WAR GAME 92 WILL FOCUS ON THE EVOLVING REGIONALIZATION OF THE GLOBAL ORDER. STATES THAT THE DIFFERENT AGENCIES SHOULD BE REPRESENTED AT THE SENIOR STAFF LEVEL, BOTH AT THE GAME AND THE PRE-GAME PREPARATORY WORKSHOPS, TO ENSURE THAT TOPICS PERTAINING TO EACH AGENCY'S AREAS OF RESPONSIBILITY **

Referred To: Date:

Referred To: Date:

(1) JMD;FLICKINGER 04-07-92

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INTERIM BY:

DATE:

OPR:

Sig. For: JMD

Date Released:

EHZ

Remarks

** RECEIVE APPROPRIATE CONSIDERATION. THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) IS COORDINATING THE PREPARATIONS FOR CIVIL AGENCY PARTICIPATION IN THE GAME.

INFO CC: OAG, DAG, ASG, OIP.

(1) FOR APPROPRIATE HANDLING.

Other Remarks:

OLA CONTACT:

KMM 4/7/92

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

J920407 1303

CROSS REFERENCES:

1. FEDERAL EMERGENCY MANAGEMENT AGENCY

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6 APRIL 92

THE WHITE HOUSE

WASHINGTON

April 6, 1992

RECEIVED
DEPARTMENT OF JUSTICE

'92 APR -7 A11:32

EXECUTIVE SECRETARIAT

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE SECRETARY OF EDUCATION
THE SECRETARY OF VETERANS AFFAIRS
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
ADMINISTRATOR OF GENERAL SERVICES
CHAIRMAN, NUCLEAR REGULATORY COMMISSION
MANAGER, NATIONAL COMMUNICATIONS SYSTEM

SUBJECT: Global War Game 92

The Department of the Navy is sponsoring its Global War Game 92 from July 13-31, 1992, at the Naval War College in Newport, RI. Previous Global War Games have been a valuable way of researching new approaches to national security issues. One of the best features of Global War Games has been the involvement of senior policy officials in the play.

Global War Game 92 will focus on the evolving regionalization of the global order. Participants will define the crises they see as important in the mid-term between 1992 and the turn of the century, and work through them from a planning perspective. The plans developed during the Game to respond to these regional crises will then be examined to sharpen our understanding of the key defense considerations facing us over the next decade. It will be important to have as players those who actually would manage crises in the real world.

It would be useful for your department or agency to designate senior officials to play during each week of the Game. In addition, your department should be represented at the senior staff level, both at the Game and at pre-Game preparatory workshops, to ensure that topics pertaining to your areas of responsibility receive appropriate consideration.

The Federal Emergency Management Agency (FEMA) is coordinating the preparations for civil agency participation in the Game. Mr. Joseph A. Moreland (202-646-3544) is the FEMA point of contact.



Brent Scowcroft

cc: The Secretary of Defense
Director, Federal Emergency Management Agency

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: METZGER, LEIGH ANN, DEPT. ASST. TO THE PRES./PUBLIC LIAISON
To: AG. ODD: NONE
Date Received: 04-10-92 Date Due: NONE Control #: X92041005705
Subject & Date

04-02-92 LETTER REGARDING THE PRESIDENT'S ANNOUNCEMENT ON
APRIL 1, 1992, THAT THE U.S. WILL SUPPORT A LANDMARK PROGRAM
OF A MULTILATERAL FINANCIAL ASSISTANCE PACKAGE FOR THE NEW
INDEPENDENT STATES OF THE FORMER SOVIET UNION. ADVISES THAT
THE PRESIDENT IS SUBMITTING TO CONGRESS A COMPREHENSIVE
BILL--THE FREEDOM SUPPORT ACT--TO MOBILIZE THE ADMINISTRA-
TION AND THE CONGRESS ON A BIPARTISAN BASIS TO SUPPORT
REFORM. ENCLOSES SEVERAL FACT SHEETS OUTLINING THIS **

Referred To: Date:		Referred To: Date:		
(1) OAG;	04-10-92	(5)		W/IN:
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Sig. For: NONE		Date Released:		MAU

Remarks

** PROGRAM, AND ALSO ENCLOSES FACT SHEETS CONCERNING THE
PRESIDENT'S DOMESTIC INITIATIVES AND ACCOMPLISHMENTS.

INFO CC: DAG, ASG, OIP.
(1) FOR INFORMATION.

Other Remarks:

OLA CONTACT:
JRH 4/10/92
FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

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APRIL 92

THE WHITE HOUSE

WASHINGTON

April 2, 1992

RECEIVED
DEPARTMENT OF JUSTICE

'92 APR 10 AM 1:01

Dear Friend:

Yesterday the President announced that the United States will support a landmark program of a multilateral financial assistance package for the new independent states of the former Soviet Union. This program is designed to assist Russia and the other independent states to transform their economies to free market systems. The major elements of the President's program include:

- o Development of a \$6 billion currency stabilization fund to maintain confidence in the Russian ruble.
- o An effort to marshal roughly \$18 billion in financial support to Russia to assist the stabilization and restructuring of Russia's economy.
- o Support early membership for the new independent states in the International Monetary Fund (IMF).

The President is submitting to Congress a comprehensive bill -- the Freedom Support Act -- to mobilize the Administration and the Congress on a bipartisan basis to support reform. I have enclosed several fact sheets outlining this program.

In addition, I am passing along several fact sheets concerning the President's domestic initiatives and accomplishments that you may find of interest. These include:

- o A fact sheet and highlights of the President's innovative Comprehensive Health Care Reform Program, unveiled two months ago in Cleveland.
- o Highlights of the Bush Administration's accomplishments to date on protecting the environment, including a summary fact sheet on the 22nd annual report of the President's Council on Environmental Quality.

I hope you find this information useful, and encourage you to contact my office at 202-456-7142 if I can be of further assistance.

Sincerely,



Leigh Ann Metzger
Deputy Assistant to the President
for Public Liaison

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

April 1, 1992

FREEDOM SUPPORT ACT OF 1992: FACT SHEET

I. ONCE IN A CENTURY OPPORTUNITY TO CONSOLIDATE FREEDOM

The collapse of the Soviet Union provides America with a once-in-a-century opportunity to help freedom take root and flourish in the lands of Russia and Eurasia.

- o Their success in democracy and open markets will directly enhance our national security.
- o The growth of freedom there will create business and investment opportunities for Americans and multiply the opportunities for friendship between our peoples.

Just as Democrats and Republicans united together to fight for freedom during the Cold War, we must remain united to win the peace.

II. PROVIDES NEEDED TOOLS FOR A MORE SECURE POST-COLD WAR ORDER

The "FREEDOM Support Act of 1992" provides a flexible framework to constructively influence the fast-changing and unpredictable events transforming Russia and Eurasia. The Act will:

- o Mobilize the Executive Branch, the Congress, and the private sector to support democracy and free markets in Russia and Eurasia;
- o Integrate comprehensively and target our efforts to address military, political, and economic opportunities created by the collapse of the Soviet Union, while sharing responsibilities with others in the international community; and
- o Unlock Cold War restrictions that still hamstring the government in providing assistance and impede U.S. business from developing trade and investment with the new independent states.

III. COMPREHENSIVE AND INTEGRATED PLAN HAS TEN MAIN COMPONENTS

1. **The Act expands the authorities for humanitarian aid to ensure that basic human needs are met.**
 - o In cooperation with other donors, the United States will continue to provide food and medical assistance to reduce the danger of a humanitarian emergency and instability.

2. The Act promotes nuclear safety and demilitarization to prevent nuclear accidents and the spread of nuclear weapons.
 - o The bill would broaden the allowable uses of the \$500 million appropriated for DOD last fall and provide authority to support defense conversion, non-proliferation efforts, nuclear weapons dismantlement, addressing the "brain drain" problem, the relocation of former Soviet military forces, and nuclear plant safety.
3. **The Act expands assistance opportunities in building free markets.**
 - o These programs build on efforts of the peoples of the new states to help themselves by privatizing and creating free market economies. The bill would extend Support for East European Democracy (SEED) Act programs to cover the former Soviet Union.
4. The Act increases support for democratic institutions.
 - o This proposal helps us to expand programs, such as "America Houses", to facilitate democratization and the rule of law.
5. The Act improves access to credits for purchases of U.S. food.
 - o The bill encourages the continuation of U.S. food exports to the new states by taking into account their commitment to economic reform in determining creditworthiness for CCC programs.
6. The Act stimulates greater trade and investment by removing the handcuffs of Cold War restrictions.
 - o The bill would enable the President to eliminate Cold War restrictions which impede EXIM and OPIC activities in support of U.S. firms trying to do business in the new states.
7. The Act supports development of a private sector.
 - o The bill encourages American investment and trade, and the formation of local businesses through enterprise funds, small business programs, and management and business training. It also supports further easing of COCOM restrictions.
8. The Act leverages U.S. financial contributions through the IMF.
 - o An IMF quota increase is needed to provide the resources to back reform programs in Russia and the other new states. The U.S. contribution to the

increase, which does not require U.S. budget outlays or add to the deficit, is matched by other contributions.

9. The Act supports a U.S. leadership role in a stabilization fund.
 - o The bill supports the President's existing authority to take a leadership role in organizing and supporting multilateral efforts at macroeconomic stabilization. The bill expresses the sense of the Congress for support of up to \$3 billion for U.S. support of international currency stabilization fund or funds should states adopt the necessary reforms.
10. The Act expands the American presence on the ground and increases people-to-people contacts.
 - o The bill would facilitate both government-to-government relations, the work of organizations such as the Peace Corps, the Citizens Democracy Corps, and other groups in promoting contacts between people.

IV. APPROPRIATIONS AND AUTHORIZATION

- o At this point, no authorization is needed to put in place the framework for organizing our efforts comprehensively and in an integrated manner.
- o As for appropriations:
 - There is already a pending appropriations request for \$620 million for Congress to act on.
 - There is also a pending authorization and appropriation request for \$12 billion in BA for the IMF Quota Increase which requires no outlays and does not affect the deficit or the BEA.
- o Authorization changes will also enable us to tap into existing credit programs, EXIM, OPIC, thus making better use of existing resources.
- o Until we make full use of existing programs and we have a better estimate of what additional resources, if any, are needed, it is premature to discuss additional appropriations.

Plans for Stabilization Funds for other CIS States

- o It supports the President's existing authority to establish a currency stabilization fund for other states should they qualify.
- o The size of these funds will depend on several factors: the seriousness of reform programs by the states, the

availability of IMF resources, and the type of stabilization program.

Status of aid to the former Soviet Union?

- o To date the U.S. has pledged a total of \$6.33 billion (FY 91-93). 60 percent of that total has been disbursed.
- o CCC Credit Guarantees: As of March 30, the U.S. has shipped over 24 million tons of food using over \$3.5 billion in guarantees.
 - The last CCC tranche of \$250 million becomes available April 1. All the \$267 million in CCC principal and interest that was due in first quarter was paid on time. \$1.1 billion is being announced with the package.
- o Food Grant: Operation Provide Hope has transported 2200 tons of food and medical supplies in 65 flights to 24 locations. Shipments of USDA Grant Aid began in early March to Armenia, Moscow, St. Petersburg & Urals. \$144 million of \$165 announced was committed and food purchased as of March 27.
- o Medical Assistance: As part of the President's December 1990 Initiative \$30 million worth of donated medical supplies have been delivered to the former Soviet Union.
- o EXIM has approved \$172 million in loan guarantees and insurance.
- o OPIC has proposed agreements to all republics; we will sign several agreements this spring, including with Russia.
- o Trade and Development Program is open for business in the CIS.
- o Technical Assistance: \$85 million program is underway.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 1, 1992

MULTILATERAL FINANCIAL ASSISTANCE PACKAGE FOR RUSSIA

President Bush today announced U.S. support for a multilateral financial assistance package to help Russia and the other new states of the former Soviet Union transform their economies to free market systems. There are three elements of this program:

- o roughly \$18 billion in financial support in 1992 to help Russia stabilize and restructure its economy;
- o \$6 billion currency Stabilization Fund to bolster confidence in the Russian ruble; and
- o early membership for Russia and the other new states in the International Monetary Fund (IMF).

The President has urged the G-7 to complete action on this approximately \$24 billion package by the end of April.

Financial Support

The United States is working with its allies and the international financial institutions to marshal \$18 billion in financial assistance in 1992 to support Russia's economic reform efforts.

Russia is already embarked on the path of bold market-oriented economic reforms. The reforms taken to date are part of an IMF-endorsed "shadow program" which does not involve financing. Negotiations are now underway between Russia and the IMF with the aim of converting the shadow program as soon as possible into a full and comprehensive reform program which would merit IMF financial support. These reforms would include reduction of the budget deficit, curbing inflation, privatization, and reform of the agricultural and energy sectors.

\$18 billion in financial support could be obtained from:

- o \$11 billion of existing and new bilateral commitments from key industrial countries, including the United States. Negotiations on specific contributions are underway among the G-7 countries.
- o \$4-1/2 billion from the international financial institutions, including the IMF, World Bank, and EBRD.
- o The remaining \$2-1/2 billion in deferral of debt payments owed to Western creditors.

NARA-18-1003-A-005405

Currency Stabilization Fund (CSF)

An integral part of Russia's reform program is an effort to stabilize the ruble and bolster the public's confidence in it, by making it freely convertible. To help achieve these objectives, President Yeltsin has requested the creation of a currency stabilization fund.

The major industrial countries recognize that a stable, convertible ruble would have important benefits for the Russian reform effort. Thus, the United States and the other major countries are working together to establish such a fund for Russia.

The Fund would total \$6 billion, an amount equal to roughly 3 months of Russia's 1991 hard currency imports. Russian membership in the IMF and compliance with a formal IMF program would be a precondition for use of the fund.

The resources for the fund will be financed entirely by activating the IMF's General Arrangements to Borrow (GAB). The GAB consists of emergency credit lines to the IMF from the G-7 and other industrial countries. The U.S. share of the GAB is 25 percent. U.S. participation in the GAB, and the funds required for the U.S. contribution, have been authorized and appropriated by Congress. Use of the GAB involves no net U.S. budgetary outlays.

Early Membership in the IMF

Russia and the other new states have applied for IMF membership. The United States has strongly supported early membership for them to promote market reforms and forge strong links with the West. Russia, as well as some of the other new states, should become members of the IMF by early May.

The IMF Executive Board is in the final stages of determining Russia's terms of entry into the Fund, including the size of Russia's quota, which will establish the basis for Russia's representation, voting power and access to IMF resources. The Board has agreed upon a 3 percent Russian quota share, which will place Russia in the ninth position in the IMF.

It will soon forward membership resolutions to the IMF Board of Governors. In turn, under standard IMF procedures, the Board of Governors would have thirty days to cast ballots in support of the resolutions. A vote by the Board of Governors requires a quorum of one-half of IMF members with two-thirds of the voting power, with approval by a simple majority of those voting.

The President has called for legislation providing for U.S. participation in the IMF quota increase in order to ensure that the IMF has adequate resources to meet prospective demands for financing.

NARA-18-1003-A-005406

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 1, 1992

AGRICULTURAL ASSISTANCE FOR THE NIS

The President today announced a series of additional measures to assist the independent states of the former Soviet Union. These include an immediate increase of \$1.1 billion in credit guarantees for the purchase of U.S. agricultural commodities.

Additional Credit Guarantees

Up to an additional \$1.1 billion will be made available under the GSM-102 program. Of this, \$600 million will be available to Russia and \$500 million for the Ukraine, Armenia and other states. The Russian guarantees will be made operational in four monthly tranches beginning on May 1. The other \$500 million will become available to the other republics provided they meet program qualifications.

The GSM-102 program provides Commodity Credit Corporation (CCC) guarantees of credit extended by private U.S. banks for the purchase of U.S. agricultural commodities. The credits are usually repayable over three years with three equal annual installments of principal. The total amount of credit guarantees made available since January 1991 when the first allocation for the then Soviet Union was made is now \$4.85 billion. Russia and the other republics are fully up to date in repayments to banks of credits guaranteed earlier by CCC. Since January 1, 1992 these have amounted to over \$270 million.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 6, 1992

THE PRESIDENT'S COMPREHENSIVE HEALTH REFORM PROGRAM

FACT SHEET

The President today announced his four point plan for comprehensive reform of the Nation's health care system. Following the outline the President offered in his State of the Union Address, the plan seeks to use market forces and incentives to forge a more efficient health care system.

The President's four-point plan will:

1. Make health care more accessible by making health insurance more affordable;
2. Reduce the runaway costs of health care by making the health care system more efficient;
3. Cut waste and excess in the present system; and
4. Get the growth in government health programs under control.

The President's plan is spelled out in detail in a 94 page white paper released today.

Elements of the President's Plan

The President's plan addresses the two major problems facing the U.S. health care system -- inadequate access to affordable health care for some Americans and excessive growth in the cost of health care for all Americans.

In addressing these problems it enhances the quality of our health care system, widely acknowledged as the best in the world. Moreover, it recognizes and builds upon the strengths of America's health care system: the freedom of individuals to choose physicians, hospitals, and health plans; diversity and

flexibility in the financing, organization and delivery of care; the best educated and most skilled physicians and health professionals in the world; millions of volunteers who assist in providing quality health care; world leadership in biomedical research; dramatic technological innovation and in new methods of assuring quality health care.

I. Expanding Access to Health Care

Transferable Health Insurance Tax Credits and Deductions

A transferable health insurance tax credit (certificate) and deduction would be available to ensure access to affordable health care coverage for moderate and low-income families. Ninety five million Americans will benefit from these provisions.

Both the credit and deduction would be available for health insurance costs of up to \$1,250 for individuals, \$2,500 for married couples, and \$3,750 for families of three or more. For those with employer-provided health benefits, the credit or deduction would be adjusted for any employer contributions. Individuals could take either the credit or deduction, guided by which is more financially advantageous. The credit and deduction would benefit those with modified adjusted gross income ranging up to:

- \$50,000 for single persons;
- \$65,000 for persons filing as heads of households, and
- \$80,000 for married persons filing jointly.

Both the credit and the deduction would phase out in the last \$10,000 of the income range.

1. Transferable Health Insurance Tax Credits (Certificates)

Transferability. The credit could be transferred only to an insurer for the purchase of health insurance; it could not be used for other purposes or received as cash.

Eligibility. All who do not receive assistance from other federal programs (e.g., covered by Medicare, Medicaid, and other federal health programs) would be eligible.

Income Range. When phased in, the maximum credit would be available to all with incomes of up to 100 percent of the tax filing threshold -- the sum of the standard deduction

and taxpayer and dependent exemptions, a tax code concept that approximates the poverty threshold. Above that level, the credit would phase down to a minimum credit at 150 percent of the tax filing threshold. The minimum credit would be 10 percent of the maximum: \$125 for individuals, \$250 for two person households, and \$375 for households of three and larger.

-- For example, if the credit were in effect today, a family of two parents and two children with adjusted gross income of \$14,000 would obtain the maximum credit, enabling them to buy up to \$3,750 of health insurance.

Risk Adjustment. States would implement broad health risk pools for credit recipients. As a result of transfers carried out by the pool, insurers would be able to provide insurance to the sick and healthy at nearly uniform rates.

Administration. Individuals eligible for the credit would not need to wait until filing a tax return to obtain a credit; a certificate could be obtained at any time during the year by applying to a governmental office designated by a state government. A state might select a state agency, such as the Employment Service, or it might contract with the Social Security Administration to certify eligibility.

2. Deductions

Individuals with incomes up to the top of the income range could choose, instead of the credit, to deduct the cost of health insurance, up to the maximum that applies to their tax filing status (either \$1250, \$2500, or \$3750.) As noted above, the maximum would be adjusted for the amount of employer contributions towards the cost of health insurance.

3. Increased Help for the Self-employed

All of the self-employed would be entitled to deduct 100 percent of the cost of their health insurance premiums or receive the applicable credit, whichever is of greater value. Current law allows the self-employed to deduct only 25 percent of the cost of health insurance.

The cost of the health insurance tax credit and deductions in the President's plan would be offset by savings achieved through use of the measures to contain health care costs outlined below. These include the system efficiencies in the health care delivery system arising from a greater role for market forces, reduced administrative and malpractice costs,

more healthy personal behavior and the effects of preventive services to lessen the need for health services, and greater cost-effectiveness in publicly funded programs. No additional taxes are needed or required.

II. Insurance Market Reform

A. Basic Benefits.

States, working with private insurers, would develop basic health insurance benefit packages equal to the value of the health insurance tax credit. This would enable low-income families to purchase health care coverage.

B. Insurance Security.

Health insurers would be required to insure all groups that want to buy health insurance. Coverage would be guaranteed and renewable. Pre-existing conditions clauses that limit coverage during the first months with a new employer would no longer be allowed.

C. Health Insurance Networks (HINs) - Pooled Purchasing Power.

A new way of purchasing insurance -- HINs -- would enable small firms to purchase low cost, high quality health insurance by reducing administrative costs and by exempting insurance sold through HINs from excessive state premium taxes. HINs would also allow national associations to sell health insurance plans on a nationwide basis.

D. Mandated Benefits.

States have passed numerous laws mandating that health insurance include specified benefits or coverage provisions, now numbering close to 1,000. Excessive mandated benefits that increase costs and limit consumer choice over the scope of insured benefits would no longer be allowed.

E. Insurance Affordability.

In the near term, the premiums insurers charge for similar policies sold to firms in a single block of business could vary by no more than 50 percent. A health risk adjustment across insurers would be phased in -- removing premium disparities and allowing for plan flexibility within a new insurance market driven by competition to deliver the highest quality at the lowest costs.

III. Containing Health Care Costs

A. Malpractice and antitrust reform.

The threat of malpractice litigation prompts physicians to order tests and perform procedures simply to show that every effort has been made to provide the best health care. The practice of defensive medicine has contributed substantially to rising health care costs.

The President's plan would provide incentives to states to: (i) eliminate joint and several liability for non-economic damages, (ii) cap non-economic damages, (iii) eliminate rules that permit double recovery, (iv) require structured awards, (v) promote pretrial alternatives, and (vi) implement new procedures to improve quality of care.

New procedural reforms would promote alternative dispute resolution (ADR). A party that refused ADR and then lost the suit at trial would pay the other party its attorney fees.

Also, the potential of guidelines and standards of care to reduce the uncertainty that leads to defensive medicine will be explored.

Fear of antitrust liability has also helped produce an often inefficient and duplicative distribution of sophisticated services and equipment. Quality of care is diminished by the reluctance of professional review boards and hospitals to discipline physicians. Finally, the emergence of new, more competitive systems for delivering health care has raised new questions about the application of the antitrust laws to the health care system.

The President's proposal will provide additional guidance on the application of the antitrust laws in these areas and provide a "safe harbor" for certain joint activities relating to the sharing of equipment by providers.

B. Reducing administrative costs.

Insurance law changes and market reforms will end the paperwork blizzard that afflicts all Americans with insurance -- and costs billions of dollars. Standardized claims procedures and other reforms will reduce administrative costs.

For small employers, administrative costs may account for as much as 40 percent of the cost of insurance purchased,

compared to 10 percent for large employers. Marketing and servicing small employer policies is costly. HINs, because they bring together many purchasers, would cut the cost of administering insurance and therefore help substantially reduce premiums. Small businesses would benefit from these efficiencies. HINs would follow uniform claims processing standards, yielding additional administrative savings.

C. Expanded use of coordinated care.

In 1990, about 40 million Americans were enrolled in one of a variety of coordinated care arrangements -- up from 10 million in 1980. The President's plan encourages broader use of coordinated care in the public and private sectors, including preferred provider organizations (PPOs), health maintenance organizations (HMOs), and point of service plans that allow individuals to choose between the PPO and HMO option, case management, and other forms of coordinated care.

New coordinated care arrangements would be allowed in the Medicare program. States would have incentives to use coordinated care in Medicaid programs. Restrictions on the operation of coordinated care in the private sector would be ended.

D. Efficiencies in public programs.

Health expenditures at all levels of government account for 44 percent of national spending on health services. Cost containment will be achieved in these programs through greater reliance on coordinated care, participation in the overall trend towards lower administrative costs, recapturing some subsidies made duplicative by the new tax credit and deduction, and reforms to stem program abuses.

E. Increased flexibility in state programs.

States would be free to redesign their entire health care systems. The acute care portion of the Medicaid program, covering hospital and doctor services, would be restructured, moving from an open ended entitlement to a per capita payment arrangement. With this change, current federal restrictions on the use of coordinated care and review processes for waiver requests would be dropped.

With respect to the relationship of Medicaid to the new transferable health insurance tax credit, states could choose to combine current Medicaid funding with the new

credit to develop a single unified health plan for low-income persons.

F. Expansion of cost-effective services in underserved areas.

The President's FY 1993 budget expands funding for Community Health Centers, Migrant Health Centers, and the National Health Service Corps to expand primary and preventive care in these areas.

G. Prevention.

The President's budget includes \$26.4 billion, a nearly \$4 billion (18 percent) increase for preventive health activities. Prevention funding has increased over \$11 billion (74 percent) since 1989. Among other activities, the President's FY 1993 budget proposes increases of 18 percent for childhood immunizations and infant mortality reduction, a 27 percent increase for Head Start and Early Childhood Development, a 24 percent increase for breast and cervical cancer mortality prevention, and a 90 percent increase for childhood lead poisoning prevention.

H. Improving Consumer Information.

While health care services can be costly, information about the cost and quality of providers is not readily available. To assist individuals and employers shopping for insurance and health care, "blue books" like guides for other goods and services would provide price and quality data to make comparison shopping possible. The information will cover the average cost of services and the quality of care provided by physicians, hospitals, and clinical laboratories.

The white paper on the President's Comprehensive Health Reform Program also presents an analysis of two of the options for health care reform that were rejected in the President's decision making process: a national health insurance program and a "play or pay" benefit mandate/payroll tax.

The paper concludes with examples showing the President's plan at work in the context of these examples.

HIGHLIGHTS:

The President's Plan For Comprehensive Health Care Reform

The President's Plan is a comprehensive, market-based reform that builds on the strengths of our current system to provide access to *affordable insurance* for all Americans.

- The President's plan guarantees access to health insurance for *all* poor families through a transferable health insurance tax credit (certificate) – available even to those too poor to file taxes – that is large enough to purchase a basic health package (\$3,750 for a family).
- The President's plan provides insurance security for all Americans. The fear of "job lock" – where workers can't move to another job without losing access to insurance – is eliminated. Limits on the availability of insurance for those with "preexisting conditions" are eliminated.
- The President's plan will *reduce the cost* of health insurance through major market reforms. Smaller businesses and individuals would be pooled into larger groups – so they can receive the same favorable health coverage enjoyed by large employers. Millions of people who now can not find affordable insurance will be helped.
- The President's plan provides new help to the middle class to pay for health care. Up to \$3,750 in health insurance costs can be deducted by families with incomes less than \$80,000. Over 90 million Americans will receive new assistance for health costs.
- The President's plan encourages the growth of coordinated care – in private plans, Medicare and Medicaid. Laws limiting coordinated care would be prohibited – as would costly State mandated benefit laws. The comprehensive plan encourages individuals, employers and health providers to use coordinated care systems.
- The President's plan will use the power of an informed marketplace to help control costs by providing consumers with better information and by giving individuals the resources to choose the coverage that best meets their needs.
- The President's plan would reduce administrative costs through regulatory reforms that will streamline the current paperwork maze, and through market reforms that allow small employers to share – and thereby substantially reduce – administrative costs.
- The President's plan includes major malpractice reform. A comprehensive liability reform plan is proposed to reduce the costs of malpractice and the resulting defensive medicine that burdens the U.S. health system.
- The President's plan would expand services in underserved areas. Many inner city and rural areas have acute shortages of doctors and clinics. The President's budget expands funding for Community Health Centers, Migrant Health Centers and the National Health Service Corps to increase preventive care in these areas.

The President's Plan Does Not:

- include governmental price regulation or rationing of health care;
- burden small business with new and costly mandates that will stifle the creation of new jobs and be passed on in higher product costs and higher taxes for all Americans;
- require massive tax increases like "play or pay" and national health insurance;
- threaten poor older Americans with benefit reductions or premium increases.

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"What's at Stake in Health Care Reform"

Remarks by U.S. Health and Human Services Secretary Dr. Louis Sullivan to the Independent Insurance Agents of America on March 23, 1992, in Washington, D.C.

I am delighted to be with you today. It gives me an opportunity to reinforce the Bush Administration's commitment to maintaining a strong private health insurance system in the United States. It also gives me an opportunity to challenge you — to ask you to redouble your efforts in educating the American people at the grass roots about the stakes involved in health care reform.

The challenge in health care reform

One of the greatest challenges we face in implementing the President's plan is that most Americans do not fully understand the jargon — and some underlying concepts — behind the health care debate.

For example, we've seen a number of polls purporting to show that Americans might favor "national health insurance." But further investigation reveals that respondents to those surveys do not know what national health insurance really is — it just sounds like a positive concept to them. Because when some of those same pollsters conduct focus groups, then explain that national health insurance means government-run medicine, support declines dramatically.

(I suppose it would be like a pollster asking, "Would you favor elimination of the exclusionary rule if it would reduce crime?" I'm sure a large percentage would say, "Well...sure...I guess so." Individual respondents may or may not favor eliminating the exclusionary rule, but

most would be left wondering what it is.)

And so it is with health care reform. We must not leave the public wondering what the debate is all about — what it is they would be getting under the various proposals.

As businessmen represented in every community, every congressional district across America, independent insurance agents are in a position to educate other businessmen, government officials, and the

*Let it be understood:
the proposals which
have been put forward
by Democratic mem-
bers of Congress . . .
would lead us to a
government-controlled
health care system.*

public at large about what the various proposals would lead to.

What the alternative proposals would mean

Let it be understood: the proposals which have been put forward by Democratic members of Congress — whether called national health insurance, or expanded Medicare, or Americare, or "Play-or-Pay" — all have this in common: they would lead us to a government-controlled health care system.

(I am reminded of the story of the antique collector who was travelling

through Illinois, and came across a man chopping wood. He said to the man, "That looks like a pretty old ax you've got there." The man said, "Yes, it used to belong to Abe Lincoln." The antique collector said, "It doesn't look that old." And the man said, "Well, it's had four new handles and two new heads since Lincoln owned it.")

While some of the Democratic proposals might purport to work within the current system, the truth is that we would end up with something completely different from what Americans have come to enjoy and expect in health care. For ultimately, we would put a government bureaucracy in charge of health care financing and health care choices.

The President's alternative

Fortunately, President Bush's health care reform plan offers an alternative: better access to health insurance for all Americans, health care security, affordability, and choice. Americans must understand what it will mean for them:

The middle class — families with incomes up to \$80,000 — will get help through a new income tax deduction.

For poor families, the plan guarantees access to health care through a health insurance credit.

Self-employed persons would be able to deduct 100% of the cost of health insurance on their tax returns. Current law allows for only 25%.

Security is provided by assuring that no one will lose insurance coverage when they change jobs or get sick. The insurance market would be reformed so that persons would not

be excluded because of preexisting illness once they have coverage.

Smaller businesses, and individuals, will be able to pool into larger groups, so they can enjoy the more favorable insurance terms available to large businesses.

Systems of "coordinated" health care will be encouraged so an individual's personal doctor will coordinate their care with other medical professionals or facilities, improving quality, reducing costs, and reinforcing the concept of the "family doctor."

The President's plan includes mal-practice reform. It also includes initiatives to reduce administrative costs and insurance paperwork, and increase flexibility for state Medicaid programs.

Some charge that the President's plan is too complex. Yes, the issues involved are complex, so the President's plan is comprehensive.

But while details are complex, the mission is clear: We want to take what is fundamentally a good system, a system that has set the world standard in health care, and make it better. We want to preserve the benefits that the great majority of Americans enjoy today ... make those benefits more affordable and safe for the future ... and extend them to every citizen of our country.

The Pay-or-Play alternative

Let me return briefly to one of the Democratic proposals — the one known as pay-or-play, that would mandate employer-provided health insurance benefits. Your staff suggested that I discuss this, because as small businessmen yourselves, you have personal concerns about the adverse consequences of this proposal on smaller businesses. We share those concerns — both for the short term,

and the long term.

In January, the Department of Labor released an independent study — conducted under contract by the Urban Institute and the RAND Corporation — on the real effects of pay-or-play. Based on the 7 percent payroll tax being proposed in the leading Democratic bills, here's what the study found:

■ Employers would incur new costs of almost \$30 billion. The burden would fall especially on small businesses. For many, this would simply mean closing shop — and eliminating jobs.

■ Even with the new tax on payroll for employers who chose it, the vast new public plan would cost more than the tax would bring in. An additional \$36 billion subsidy would be born by the general taxpayer. The new plan would represent a 130 percent increase over spending on the current public programs it would replace, notably Medicaid.

■ The public plan would grow to cover 112 million people, or more than half of our non-elderly population. It would be more than three times the size of Medicare.

■ Fifty-two million people now covered under employer-sponsored plans would lose their private coverage as employers chose to pay the new tax rather than maintain private insurance. More than one-third of those who now have employer-supplied private insurance would be shifted to the government-run plan.

In sum, pay-or-play would not be good for the insurance industry; it would not be good for businesses and the economy in general; it would create a new out-of-control government bureaucracy; and — most importantly — it would be detrimental to the health care of our citizens. How many Americans would want to turn in the private

sector coverage they have today for a government-run system?

Conclusion

The stakes involved in the health care debate have been overly characterized in the media in political terms. In reality, the stakes are much higher, for they embody what we hope to become as a society.

The stakes include ideology and philosophy — whether we want to remain true to our commitment to choice and the private sector in health care delivery, or run counter to our long success with it by starting down the muddy road of centralized planning.

The stakes also involve our economic well-being — whether we can reduce the growing drain on our national finances and still continue to provide quality care.

And the stakes are societal — whether we can efficiently provide a basic human need for all our citizens, or whether we are going to have a growing chasm between the haves and the have-nots in health care.

For all these reasons — as well as for your own self-interest as an industry — I implore you to help us in educating the public about the issues involved in the health care debate, and what the various proposals will mean for every American.

President Bush and I ask you to do this individually in your respective communities, and collectively as the Independent Insurance Agents of America.

Thank you, and now I'll be happy to entertain some questions.

For reprints of this or any other speech by Dr. Sullivan, contact Cliff Lorick, Director of Speechwriting, at 202-245-7470.

**THE BUSH ADMINISTRATION
AND THE ENVIRONMENT:
ACCOMPLISHMENTS AND INITIATIVES**

February 25, 1992



PRESIDENT BUSH HAS WORKED TO PROTECT THE ENVIRONMENT

During his time in office, President Bush greatly expanded efforts to protect and improve the environment, both domestically and internationally. Highlights of Bush Administration efforts illustrate the President's agenda:

- * Proposed, enacted, and began implementing the world's most protective clean air laws. Increased EPA's operating budget 54 percent over 1989 levels.
- * Declared a moratorium on offshore oil and gas development off most of the West Coast, Southern Florida, and New England.
- * Added over \$750 million in funding for expansion and improvement of our national parks, forests, and public lands.
- * Set enforcement records, collecting more civil penalties in two years than the EPA had won during its entire history. Tripled the rate of Superfund toxic waste cleanup activities.
- * Accelerated the U.S. phaseout of CFCs to the end of 1995, four years ahead of international deadlines.
- * Called for a global climate treaty to be signed by world leaders at the June 1992 U.N. conference in Brazil. Devoted nearly \$2.6 billion on global climate change research from 1990 to 1992, by far the largest national contribution.
- * Supported innovative environmental efforts in Latin America, the Caribbean, Eastern Europe, and the Far East.
- * Boosted national and international efforts to prevent and respond to oil spills.
- * Launched a program to plant one billion trees per year across America.
- * Increased funding for the study, protection and enhancement of wetlands from \$295 million in 1989 to \$600 million in 1992.
- * Led the way to an international ban on driftnet fishing and trade in African elephant ivory.
- * Improved environmental education through the National Environmental Education Act of 1990 and other programs.
- * Signed Executive Orders to boost recycling, waste reduction, and energy efficiency at all federal agencies.
- * Tripled funding to clean up federal facilities and bring them into compliance with environmental laws.

PRESIDENT BUSH HAS WORKED TO PROTECT THE ENVIRONMENT

- o CLEAN AIR: Proposed, signed, and began implementing the world's most protective and market-oriented clean air laws that will cut acid rain emissions in half, improve urban air quality, reduce toxic pollutants by 90 percent, and help to protect the global ozone layer by completely phasing out CFCs by the end of 1995. Fostered agreements between industry and environmental groups to require cleaner-burning gasoline and improved visibility in Grand Canyon National Park.

- o COASTAL STEWARDSHIP: Announced a moratorium on offshore oil and gas development until after the year 2000 for 99 percent of the California coast, and the entire coasts of Washington, Oregon, southern Florida, and New England.

Proposed and secured \$340 million to accelerate construction of sewage treatment plants in key coastal cities. Secured agreements to ban ocean dumping of sewage sludge by 1992 and established a pilot medical waste tracking system.

Established three new National Marine Sanctuaries, the marine equivalent of national parks, and for fiscal 1993 proposed a 46 percent increase for this program.

- o AMERICA THE BEAUTIFUL: Began a long-term campaign to expand and improve America's treasury of national parks, forests, and wildlife and recreation areas.

Since taking office, the Bush Administration has added over \$750 million to America's parks, forests, and public lands, with an additional \$300 million requested for fiscal year 1993. The President has dramatically expanded programs to enhance fisheries, expand the recreational opportunities of campers, hikers, boaters, and other outdoor enthusiasts, protect wetlands and migratory bird flyways, and protect endangered species.

- o ENFORCEMENT: In two years collected 40 percent of all of the civil penalties won by the EPA during its entire history.

Set new records for environmental felony indictments, convictions, and prison sentences. Filed landmark suits to protect the Everglades, Chesapeake Bay, the Great Lakes, and the global ozone layer.

Tripled the rate of toxic waste site cleanups. Costs of the cleanups were born by the parties responsible for the pollution and were enforced under the Superfund program.

- o OZONE LAYER PROTECTION: President Bush unilaterally accelerated the U.S. phaseout of ozone-harming substances to the end of 1995, four years ahead of current deadlines, and called on other nations to match the U.S. commitment.

Implemented a fee on U.S. production of CFCs, lowering U.S. CFC production levels 42 percent below the level allowed by

the Montreal Protocol and was the first to provide funds to assist developing countries in meeting their CFC responsibilities.

- o GLOBAL CLIMATE CHANGE: Called for a global climate treaty to be signed by world leaders at the June 1992 U.N conference in Brazil, and proposed that all nations develop national climate action plans to mitigate potential climate change.

Proposed a National Energy Strategy and other measures that, if implemented, will restrain greenhouse gas emissions without sacrificing economic growth.

Accelerated research funding fivefold, to roughly \$1.1 billion in fiscal 1992, and proposed \$1.4 billion in fiscal 1993.

- o DEVELOPING COUNTRY ASSISTANCE: Launched efforts to increase and coordinate joint U.S.-Mexico environmental programs, and developed a joint border action plan backed by \$103 million in FY 1992, with \$201 million requested in FY 1993.

Provided assistance to Poland and to the East European Environmental Center in Budapest, Hungary. Established a U.S.-Asia Environmental Partnership, emphasizing technology cooperation.

- o TREE PLANTING: Proposed an ambitious reforestation program to plant one billion trees per year across America. The program will help to displace carbon dioxide in our air and improve water and air quality.

The President also proposed a Worldwide Forestry Convention to improve protection of the world's forested areas.

- o OIL POLLUTION: Proposed and signed legislation and an international protocol to strengthen laws governing oil transport. The new law requires a phase-in of double-hulls on new tankers, improves the response capability on our coasts, and increases the liability of those responsible for spills.
- o FARM BILL: Signed the most environmentally-progressive farm bill ever -- the 1990 Farm Bill. It addresses wetlands protection, tree planting, pesticide use, and water quality. The President supports full funding for a voluntary "wetlands reserve" of up to one million acres established by the bill.
- o CABINET STATUS FOR EPA: In January 1990, proposed legislation to create a U.S. Department of the Environment.
- o ANTARCTICA PROTECTION: Signed legislation and an international accord to strengthen environmental protection and prohibit indefinitely mineral exploration and development in Antarctica.
- o WETLANDS: Increased funds for research, protection and enhancement of wetlands from \$295 million in 1989 to \$600 million in 1992. Requested \$812 million for FY 1993.

Began purchase of lands to implement the U.S.-Canada Waterfowl Management Plan and expanded the Everglades National Park by 106,000 acres.

- ENTERPRISE FOR THE AMERICAS: Began to implement debt-for-nature swaps and the creation of environmental trust funds to strengthen long-term conservation efforts in Latin America and the Caribbean.
- MARKET-ORIENTED SOLUTIONS: Established economic incentives to cut sulphur dioxide, ozone depleting substances, and toxic pollutants.
- PRIVATE SECTOR INITIATIVES: Encouraged voluntary private sector initiatives to improve the environment, including the President's Commission on Environmental Quality, the "Green Lights" efficient lighting program, the "33-50" toxic emissions reduction program, and the first-ever President's Environment and Conservation Challenge Awards.
- WILDLIFE: Enhanced wildlife protection on federal lands and outlined a strategy to conserve biological diversity.

Led the international ban on trade in African elephant ivory. Persuaded Japan to stop importing sea turtle shells and to ban driftnet fishing on the high seas, paving the way for an international moratorium on driftnet fishing.

- EDUCATION: Signed the National Environmental Education Act of 1990, aimed at all ages, and fostered interagency efforts to boost college-level environmental education.
- GREEN FUND: Pledged \$150 million over three years in parallel financing to the World Bank Global Environmental Facility, the so-called "Green Fund," to help developing countries address worldwide environmental concerns such as ozone depletion and global climate change. Approved legislation to spur environmental impact assessment by multilateral development banks.
- EXECUTIVE ORDERS: Signed Executive Orders to boost recycling, waste reduction, and energy efficiency at all federal agencies.
- FEDERAL FACILITIES: Requested a record \$5.5 billion in fiscal 1993, three times fiscal 1989 funding, to clean up Department of Energy atomic weapons facilities and bring them into compliance with environmental laws. Requested increased funding for clean up of facilities owned by the Departments of Defense, Agriculture, Interior, Transportation, and Commerce, and by the National Aeronautics and Space Administration.

SINCE 1989, PRESIDENT BUSH HAS PROVIDED MAJOR BUDGET
INCREASES FOR ENVIRONMENTAL PROGRAMS

U.S. Budget for major environmental initiatives, 1989-1993

Summary of proposed major initiatives for fiscal 1993	1989 Actual	1992 Enacted	1993 Proposed	1992-93 Change	
				dollar	percent
	-----million \$-----			%	
America the Beautiful	863	1,491	1,653	+162	+11
Reforestation	12	66	139	+73	+111
State LUCF: Partnership with States for Parks and Outdoor Recreation	17	23	60	+37	+158
Federal Facility Cleanup:					
Department of Energy	1,762	4,407	5,534	+1,127	+26
Department of Defense ¹	1,155	2,761	3,718	+957	+35
Other Agencies	106	203	236	+33	+16
Border Pollution: Pollution Control Along the U.S.- Mexico Border in Support of NAFTA	34	103	201	+98	+95
Providing Clean Waters for America's Cities:					
Boston	25	100	100	---	---
New York	---	70	70	---	---
Baltimore	---	40	40	---	---
Los Angeles	---	55	55	---	---
San Diego	---	40	40	---	---
Seattle	---	35	35	---	---
EPA Operating Budget	1,752	2,578	2,698	+120	+5
Superfund	1,410	1,616	1,750	+134	+8
Protecting America's Wetlands	295	600	812	+212	+35
Army Corps of Engineers: Protection and Restoration of Environmental Resources	196	361	408	+47	+13
Global Change Research	---	1,110	1,372	+262	+24
TOTAL ²	7,388	15,132	18,292	+3,160	+21

¹ Does not include anticipated \$1 billion 1992 supplemental for the Department of Defense.

² Total has been adjusted to eliminate double counting, including DOI wetlands and federal facility cleanup already included in America the Beautiful; and global change research, border pollution, and wetlands activities included in EPA's operating budget and the Army Corps of Engineers.

PROPOSALS BY PRESIDENT NOT MATCHED BY THE CONGRESS

Bush Proposal

Increase Superfund budget by 23 percent over fiscal 1989 level.

Increase funds for expansion of national parks and forests by 69 percent over fiscal 1989 level.

Elevate Environmental Protection Agency (EPA) to Cabinet status (proposed in January 1990).

Devote \$152 million in 1992 to tree planting in urban and rural areas, thus helping to address the problem of global climate change.

Allocate \$100 million in 1992 to address U.S.-Mexican border pollution problems by building a sewage treatment facility.

Allocate \$23 million to "Coastal America," a coordinated interagency effort to stem coastal pollution and habitat loss.

Provide full funding (over \$124 million) for new 1990 Farm Bill program to preserve wetlands -- the "Wetlands Reserve."

Congressional Action

Cut the President's request by almost 10 percent each year for the last three years; Congress still has not matched the President's original proposal (FY 1990) of \$1.74 billion.

Cut the President's request for 1992 by more than 25 percent -- including a 60 percent cut in the request for grants to states for purchasing parks and recreation lands and preserving open space.

Congress has yet to pass the bill.

The full Congress cut the President's request by 60 percent in 1991. This year, Congress cut it by 67 percent.

The Congress cut the President's request by \$50 million in FY 1992 appropriations bill.

Zero funding in Congressional appropriations bills for FY 1992.

Congress cut the President's request by more than half, providing only \$46 million for the 1992 wetlands reserve program.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

March 24, 1992

ENVIRONMENTAL QUALITY REPORT: FACT SHEET

The President today released the 22nd Annual Report of the Council on Environmental Quality (CEQ). The report discusses key environmental issues and policies for the year just passed and the year ahead, and provides the government's most comprehensive collection of data on environmental trends.

In the report, the President called on the Congress to:

- Enact balanced national energy legislation, providing roughly equal measures of new conservation and production;
- Elevate the Environmental Protection Agency to the Cabinet;
- Increase budgets for environmental and natural resource programs as requested in his FY93 budget, including:
 - \$1.85 billion (a 17% increase over FY92) for the America the Beautiful program to enhance national parks, forests, wildlife refuges, and other public lands, to plant billions of trees in this decade, and to help the States to create parks and recreation facilities (Congress has cut the President's requests for these programs);
 - A record \$5.5 billion (a 26% increase over FY92) for the cleanup of Department of Energy facilities involved in nuclear weapons manufacture, and other Federal facilities;
 - \$201 million (almost double the FY92 level) for U.S.-Mexico border region cleanup, consistent with the Environmental Action Plan he presented to Congress last year in conjunction with the proposed North American Free Trade Agreement;
 - Programs to improve coastal water quality, speed Superfund cleanups, implement the new Clean Air Act, protect wetlands, and accelerate clean energy and transportation programs.

Regarding the U.N. "Earth Summit," the President called upon the international community to take the following actions:

- Complete a comprehensive framework convention on climate change;
- Take steps leading to a global framework convention on protection and conservation of all the world's forests;
- Agree on actions to conserve biodiversity and, if possible, sign a satisfactory global framework convention on biodiversity;
- Adopt a strategy to improve the condition of oceans and living marine resources;
- Launch initiatives to promote environmental technology cooperation in a free market context; and
- Agree on the provision of financial assistance to developing nations through the Global Environmental Facility (GEF), as well as reforms to U.N. environmental and development agencies.

Favorable trends noted in the CEQ annual report included:

- U.S. production of ozone-depleting CFCs is already 42% below the levels allowed by the U.S. Clean Air Act and the Montreal Protocol.
- Ambient concentrations of key air pollutants continued a downward trend, reflecting continued progress under the Clean Air Act.
- The rate of wetlands loss has slowed in the United States.

#

NARA-18-1003-A-005425

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: YEUTTER, CLAYTON, COUNSELLOR TO THE PRES./DOMESTIC POLICY
To: AG. ODD: NONE
Date Received: 04-06-92 Date Due: NONE Control #: X92040605441
Subject & Date
04-02-92 MEMO THANKING THE AG FOR BRIEFING THE PRESIDENT ON
THE CRIME BILL, AND THEN A FURTHER BRIEFING WITHIN THE
POLICY COORDINATING GROUP.

SEE EXEC. SEC. 92033105126 - CONTROL SHEET ATTACHED.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	04-06-92	(5)			W/IN:
(2)			(6)			
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	Sig. For:	NONE		Date Released:		MAU

Remarks

(1) FOR INFORMATION.

Other Remarks:

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FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

2 APRIL 92

THE WHITE HOUSE
WASHINGTON

DATE: Apr. 2, 1992

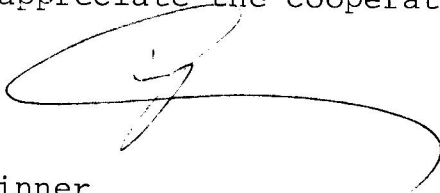
TO: Attorney General Barr

FROM: **CLAYTON YEUTTER**
Counsellor to the President for
Domestic Policy

Bill, thanks for coming over to do the briefing for the President on the crime bill, and then a further briefing within the Policy Coordinating Group. Unfortunately, there were some relevant Cabinet members who couldn't be at the latter session, but it was still worthwhile for those who were in attendance.

Between the two meetings I hope we have everyone within the Administration singing the same tune on crime legislation.

You handled both sessions well, and we really appreciate the cooperation.



cc Sec. Skinner

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: HILL, J. FRENCH, EXECUTIVE SECRETARY, PCG, WHITE HOUSE
To: AG. ODD: NONE
Date Received: 04-06-92 Date Due: NONE Control #: X92040605434
Subject & Date

04-02-92 MEMO ADVISING THAT THE POLICY COORDINATING GROUP
(PCG) WILL MEET ON APRIL 7, 1992, AT 1:00 P.M. IN THE
ROOSEVELT ROOM TO DISCUSS THE CURRENT STATUS OF THE
ADMINISTRATION'S EDUCATION PROPOSAL. SECRETARY ALEXANDER
WILL BRIEF THE PCG ON RECENT EDUCATION DEVELOPMENTS, AS WELL
AS EFFORTS TO ADVANCE THE ADMINISTRATION'S AGENDA ON THIS
IMPORTANT ISSUE. ENCLOSURES AN EDUCATION DEPARTMENT PAPER
WHICH OUTLINES THE KEY FEATURES OF THE ADMINISTRATION'S **

	Referred To:	Date:	Referred To:	Date:	
(1)	OAG;	04-06-92	(5)		W/IN:
(2)			(6)		
(3)			(7)		PRTY:
(4)			(8)		1A
	INTERIM BY:		DATE:		OPR:
	Sig. For: NONE		Date Released:		EHZ

Remarks

** PROPOSED EDUCATION LEGISLATION.
ORIGINAL TO OAG.
INFO CC: OAG (PATTERSON, SCHATZ), DAG, ASG, OLA.

Other Remarks:

OLA CONTACT:
JRH 04-06-92
FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

THE WHITE HOUSE
WASHINGTON

April 2, 1992

RECEIVED
DEPARTMENT OF JUSTICE

MEMORANDUM TO: SEE DISTRIBUTION LIST

'92 APR -6 P1:41

FROM: J. FRENCH HILL *TB for*
EXECUTIVE SECRETARY
POLICY COORDINATING GROUP

EXECUTIVE SECRETARY

SUBJECT: PCG Meeting of April 7, 1992 on Education

The Policy Coordinating Group will meet on Tuesday, April 7, 1992 at 1:00 p.m. in the Roosevelt Room to discuss the current status of the Administration's education proposal.

Secretary Alexander will brief the PCG on recent education developments, as well as efforts to advance the Administration's agenda on this important issue. The Department of Education has prepared the attached paper, which outlines the key features of the Administrations's proposed education legislation.

Following this discussion, Deputy Chief of Staff Moore will review the President's long-term schedule and thematic agenda.

If you require further information, please call me at 456-7968.

Attachment

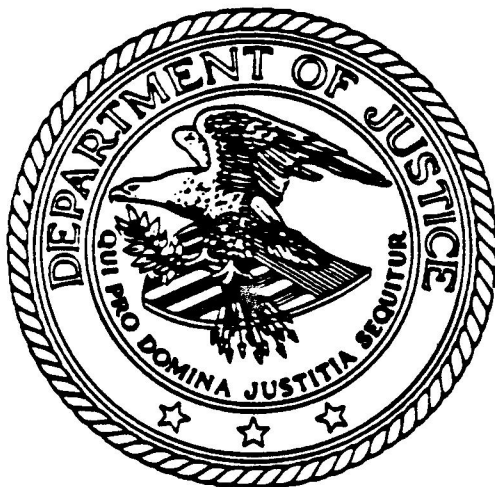
The Vice President
Secretary Brady
Attorney General Barr
Secretary Cheney
Secretary Franklin
Secretary Martin
Secretary Sullivan
Secretary Kemp
Secretary Watkins
Secretary Alexander
Secretary Derwinski
Director Darman
Secretary Yeutter
Chief of Staff Skinner
Director Martinez
Director Bromley
Nick Calio
Boyden Gray
Ede Holiday
Henson Moore
Roger Porter
Sherrie Rollins

AMERICA 2000: TRANSFORMING IDEAS	REVOLUTIONARY CHANGE	"BUSINESS AS USUAL"
★ <i>Flexibility for Teachers and Principals</i>	<ul style="list-style-type: none"> ● Secretary allowed to waive regulations on request for good reason ● Covers more than 70 federal programs and almost \$11 billion ● For all school districts, in all states 	
★ <i>Break-the-Mold New American Schools</i>	<ul style="list-style-type: none"> ● \$545 million over three years for communities to create first 535 + break-the-mold schools ● No limitations on types of schools ● Submitted by Governors to Secretary guaranteeing truly break-the-mold 	
★ <i>World Class Standards and Voluntary National Exams</i>	<ul style="list-style-type: none"> ● Bi-partisan recommendations of National Council on Education Standards and Testing (NCEST) 	
★ <i>Parental Choice of Schools</i>	<ul style="list-style-type: none"> ● Help for middle and low-income families to have more choices of all schools, public, private, religious 	

AMERICA 2000: Transforming Ideas

	<i>Bush Administration Proposal S. 1141 / H.R. 2460</i>
<i>Flexibility for Teachers and Principals</i>	<i>Governor applies to the Secretary to obtain waivers from Federal statutory and regulatory requirements that impede educational improvement, in return for waiver of State requirements and State commitment to achieve higher, measurable student outcomes.</i> <i>All States could participate.</i>
<i>Break-the-Mold New American Schools</i>	<i>Authorizes \$545 million over a three-year period to create at least one New American School in each Congressional district. Governor nominates communities from those that have applied; Secretary selects communities.</i>
<i>World Class Standards and Voluntary National Exams</i>	<i>Strongly supports the NCEST recommendations to establish world class standards in the five core subject areas and a system of voluntary national examinations tied to those standards.</i>
<i>Parental Choice of Schools</i>	<i>\$200 M for local school districts that permit parents to select among a variety of public and private schools for their children. \$30 M for demos of different methods of enhancing Choice. Amends the Chapter 1 Compensatory Education program to require that Chapter 1 services "follow the child" who changes schools under a Choice program.</i>

DOJ EXECUTIVE SECRETARIAT CROSS-REFERENCE RECORD



CONTROL NUMBER: 92040205308

YEUTTER, CLAYTON

WHITE HOUSE

THE ENTIRE DOCUMENT PACKET FOR THE CONTROLLED
CORRESPONDENCE INDICATED BY THE ABOVE EX.SEC.
CONTROL NUMBER HAS BEEN FILED IN THE FOLLOWING
PRIMARY FILE LOCATION WITHIN THE SUBJECT FILES
OF THE ATTORNEY GENERAL.

PRIMARY FILE: TRADE/GENERAL

1 April 92

WHITE HOUSE CORRESPONDENCE/GENERAL

1 Apr 92

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: YEUTTER, CLAYTON, COUNSELLOR TO THE PRESIDENT, WHITE HOUSE
To: AG. ODD: NONE
Date Received: 01-19-93 Date Due: NONE Control #: X92123118345
Subject & Date
03-31-92 NOTE ATTACHING AN INCOMPLETE WHITE HOUSE NEWS
SUMMARY FOR MARCH 31, 1992.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;FILES	01-25-93	(5)			W/IN:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1S
	INTERIM BY:			DATE:		OPR:
	Sig. For:	NONE		Date Released:		EHZ

Remarks

EXEC. SEC. REC'D FROM OAG/LEVIN ON 01-19-93 FOR
CONTROLLING PURPOSES.

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

31 MARCH 92

THE WHITE HOUSE
WASHINGTON

DATE: ~~Mar. 31, 1992~~

TO: Attorney General Barr

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Bill, please keep us informed if
this turns out to be a headline generator.
Collectively we need to try to make sure
the President doesn't get bruised as
this unfolds.



REC'D
DEPARTMENT
'92 APR 1 P3:30
EXF

Hearing To Clarify Abortion Rule Clouds Waters

..."After the testimony today, we're even more confused than before," said Joan Henneberry, head of family planning for Colorado....

"The Administration wants to cover itself politically by trying to send a message they're moderating the gag rule when in fact they're not," charged Rep. Wyden....

"He (President Bush) is the consummate politician and he has alienated one of the strongest support bases he had," said American Life League president Judie Brown.

"(Bush) has always talked out of both sides of his mouth on abortion," said Jeanne Clarkea national board member of NOW. "They're really trying to be all things to all people and at the same time, they know they're in big trouble."

(Maria Puente, USA Today, 3A_

**SUPREME COURT ASKS BUSH ADMINISTRATION FOR ITS
VIEW OF AIDS INSURANCE CASE**

The U.S. Supreme Court on Monday asked the Bush Administration for its legal views of a groundbreaking Texas case on the ability of business to limit insurance benefits for AIDS-afflicted workers.... The case is being closely monitored by advocacy groups for gay rights and the elderly because of fears that it could lead more employers to cut insurance coverage for catastrophic illnesses.... The Supreme Court has not agreed to review the case, but a request for the U.S. solicitor general's comments is an indication that the justices have a strong interest in the issue.

(Steve McGonigle, Dallas Morning News)

FDA TO CRACK DOWN ON CONTAMINATED IMPORTS

FDA Commissioner David Kessler Monday announced a crackdown on contaminated imported foods and drugs, including permanent seizure of goods that are known to be harmful.... Kessler said that criminal penalties and seizures are not new remedies for the FDA, but "new as being applied to imports."

(Carole Sugarman, Washington Post, A3)

CRITICS RAISE STINK OVER PIG-BURNING PLAN

Florida residents are rushing to rescue 74 pigs the government wants to burn to test a Key West incinerator. The USDA wants to use the facility to burn animals imported into the U.S. that die or are sick.... Public outcry cooled the idea: USDA is rethinking. "It's spooky," said Xan Rawls, animal control director for Brevard County. "It's frightening."

(Robert Davis, USA Today, 3A)

**ABORTION-RIGHTS, ANTI-ABORTION ACTIVITIES
REACH PEAK IN WASHINGTON**

As thousands of Americans on both sides of the abortion issue get ready to march on the Capitol on Sunday, Congress is sparring with the Bush Administration over key legislation that will shape the future of abortion rights....

The confluence of action on abortion-related issues, whether by accident or design, has propelled the debate over a woman's right to an abortion to center stage just in time for the election year.

"This is an indication of how important the issue of a right to choose is going to be in this election year," said Loretta Ucelli, a spokeswoman for the National Abortion Rights Action League. "It's also proof of how far out of the mainstream the Bush Administration is." (Elizabeth Neuffer, Boston Globe)

U.S. IS ALLOWED SUPPORTING ROLE ON PENNSYLVANIA ABORTION LAW

The Supreme Court Monday granted the Bush Administration's request to argue in support of the Pennsylvania abortion law when the politically charged issue comes before the high court next month.

The court approved the Administration's request to participate in oral argument in *Planned Parenthood of Southeastern Pennsylvania v. Casey*. The Administration will have 10 minutes to defend the constitutionality of the Pennsylvania law, and a lawyer for the state will have 20 minutes of the half-hour allotted to each side. (Ruth Marcus & Don Phillips, Washington Post, A15)

MEDICAL GROUPS ASK END TO ABORTION 'GAG RULE'

Twenty-three medical groups, including the American Medical Association, said recent Bush Administration changes to the 1988 rule that bars abortion counseling and referrals at federally funded clinics don't go far enough, and they urged Congress to overturn the rule.

A letter from the groups to all members of Congress labeled the 1988 language a "gag rule" that "inhibits the ability of the medical and nursing professions to communicate with their patients' fully. The March 20 changes by the Bush Administration still "censors the speech of physicians and nurses," the letter charged. The groups represented include the American College of Obstetricians and Gynecologists and the American Nurses Association.

Rep. Waxman said the Bush Administration is "seeking to calm down some doctors by letting them say a few more words," but "nine out of 10 patients see a nurse, not a doctor" at federally funded clinics....

Yesterday William Archer, deputy assistant secretary at HHS, said the March 20 change "ensures that doctors and patients...can speak on any -- on any -- medical matter.... A physician is able to provide any medical information about abortion that he deems necessary for a patient." (Spencer Rich, Washington Post, A5)

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: YEUTTER, CLAYTON, COUNSELLOR TO THE PRES./DOMESTIC POLICY
To: AG. ODD: NONE
Date Received: 03-30-92 Date Due: NONE Control #: X92033105126
Subject & Date

03-27-92 NOTE THANKING THE AG FOR MEETING WITH THE PRESIDENT
ON THE CRIME BILL. ALSO ATTACHES A COPY OF A LETTER FROM
DON STENBERG, ATTORNEY GENERAL, STATE OF NEBRASKA, TO THE
PRESIDENT ADVISING THAT HE IS LOOKING FORWARD TO THEIR
MEETING AT THE WHITE HOUSE ON MARCH 30, 1992, TO DISCUSS
CRIMINAL PROCEDURE REFORM AND OTHER ISSUES.

SEE EXEC. SEC. 92032304639 - CONTROL SHEET ATTACHED.

Referred To:	Date:	Referred To:	Date:	
(1) OAG;	03-31-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1P
INTERIM BY:		DATE:		OPR:
Sig. For: NONE		Date Released:		MAU

Remarks

(1) FOR INFORMATION.
(SEE EXEC. SEC. 92040605441, 92040705469.)

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

27 March 92

THE WHITE HOUSE
WASHINGTON

DATE: Mar. 27, 1992
92 MAR 30 14:34

TO: Attorney General Barr

FROM: **CLAYTON YEUTTER**
Counsellor to the President for
Domestic Policy

Bill, thanks again for coming over to meet with the President on the crime bill. That was a helpful update for him, particularly because of the Strom Thurmond situation.

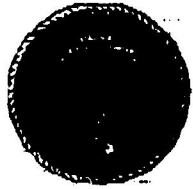
Just a comment on the attached letter from Don Stenberg, whom I have known for years since he is from my home state of Nebr.

Stenberg is an o.k. guy, very supportive of the Administration, though he likes to get his name in the paper a little too much.

As you may know, he is also a strong proponent of the position that the President already has line item veto authority under the Constitution.



CS



STATE OF NEBRASKA
Office of the Attorney General

8115 STATE CAPITOL BUILDING
LINCOLN, NEBRASKA 68503-9320
(402) 471-2882

DON STENBERG
ATTORNEY GENERAL

March 23, 1992

The Honorable George Bush
President of the United States
The White House
Washington, DC 20500

Dear President Bush:

On Monday, March 30, 1992, you, your Chief of Staff Samuel Skinner, and U.S. Attorney General William Barr are scheduled to meet with me and other state attorneys general from across the nation in the White House. We are looking forward to meeting with you.

Of great concern to many of us, are the seemingly endless legal proceedings in criminal cases and particularly in capital punishment cases. Habeas corpus reform legislation which you have proposed, and is presently pending in Congress, would significantly reduce the number of legal proceedings and speed up the process. Your proposal has been endorsed by over 30 state attorneys general including myself.

I would very much appreciate it if, at our meeting, you could discuss how I and other state attorneys general might be of further assistance in securing the passage of this much needed legislation.

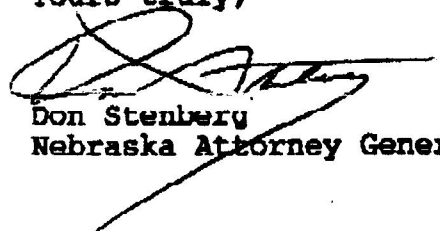
Mr. President, the people of my state are frustrated and discouraged by a criminal justice system that seems incapable of making a final decision. It is not fair to the victims and it is not fair to the taxpayers to continue in this manner. Federal legislation is needed and it is needed now. I am prepared to provide whatever assistance to you that I can to see that this is accomplished.

It is time for the Congress to quit giving itself pay raises and perks and bouncing checks and start doing what the American people sent them to Washington to do.

The Honorable George Bush
March 23, 1992
Page 2

Mr. President, I look forward to meeting with you
and discussing criminal procedure reform and other issues
more fully.

Yours truly,

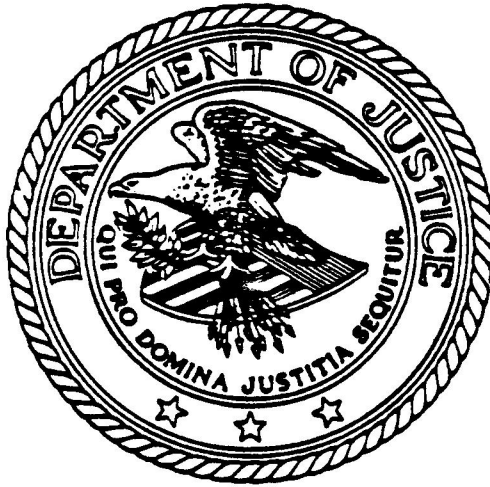


Don Stenberg
Nebraska Attorney General

DS:bs

cc: Samuel Skinner
Clayton Yeutter
William Barr

DOJ EXECUTIVE SECRETARIAT CROSS-REFERENCE RECORD



CONTROL NUMBER: 92033005037

HILL, J. FRENCH, WH

THE ENTIRE DOCUMENT PACKET FOR THE CONTROLLED
CORRESPONDENCE INDICATED BY THE ABOVE EX.SEC.
CONTROL NUMBER HAS BEEN FILED IN THE FOLLOWING
PRIMARY FILE LOCATION WITHIN THE SUBJECT FILES
OF THE ATTORNEY GENERAL.

PRIMARY FILE: AG MEETINGS/BRIEFINGS

27 MAR 92

WHITE HOUSE CORRESPONDENCE/GENERAL

27 MAR 92

DOJ EXECUTIVE SECRETARIAT CROSS-REFERENCE RECORD



CONTROL NUMBER: 92032404670

METZGER, LEIGH ANN, Dep Asst to the President

THE ENTIRE DOCUMENT PACKET FOR THE CONTROLLED
CORRESPONDENCE INDICATED BY THE ABOVE EX.SEC.
CONTROL NUMBER HAS BEEN FILED IN THE FOLLOWING
PRIMARY FILE LOCATION WITHIN THE SUBJECT FILES
OF THE ATTORNEY GENERAL.

PRIMARY FILE: COMMISSIONS/NATIONAL COMMISSION ON
AMERICA URBAN FAMILIES

18 MAR 92

WHITE HOUSE CORRESPONDENCE/GENERAL

18 MAR 92

DOJ EXECUTIVE SECRETARIAT CROSS-REFERENCE RECORD



CONTROL NUMBER: 92030203433
YEUTTER, CLAYTON

THE ENTIRE DOCUMENT PACKET FOR THE CONTROLLED
CORRESPONDENCE INDICATED BY THE ABOVE EX.SEC.
CONTROL NUMBER HAS BEEN FILED IN THE FOLLOWING
PRIMARY FILE LOCATION WITHIN THE SUBJECT FILES
OF THE ATTORNEY GENERAL.

PRIMARY FILE: VISA's

26 Feb 92

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: BRADY, PHILLIP & HOLIDAY, EDE, THE WHITE HOUSE
To: CHIEFS OF STAFF OF EXEC. DEPTS. AND AGENCIES (AG.) ODD: NONE
Date Received: 03-04-92 Date Due: NONE Control #: X92030403655
Subject & Date

02-24-92 MEMO REGARDING THE AMOUNT OF OVERDUE WHITE HOUSE
CORRESPONDENCE FORWARDED TO THE DEPARTMENT FOR RESPONSE.
ADVISES THAT THE PRESIDENT PLACES A HIGH PRIORITY ON THE
TIMELY AND RESPONSIVE ANSWERING OF ALL MAIL THAT IS
ADDRESSED TO HIM. ATTACHES A REPORT OF OVERDUE
CORRESPONDENCE WITH INSTRUCTIONS FOR HANDLING, AND ASKS
THAT THE ANNOTATED REPORT AND RESPONSES BE RETURNED TO
THE WHITE HOUSE.

	Referred To:	Date:	Referred To:	Date:	
(1)	OAG;FILES	03-04-92	(5)		W/IN:
(2)			(6)		
(3)			(7)		PRTY:
(4)			(8)		1Y
	INTERIM BY:		DATE:		OPR:
	Sig. For: OAG		Date Released: 03-04-92		MAU

Remarks

OAG/SCALIA SIGNED MEMO TO HEADS OF COMPONENTS DATED
03-04-92 WITH INSTRUCTIONS ON THE HANDLING OF WHITE HOUSE
CORRESPONDENCE. ASKS FOR CONFIRMATION BY 03-12-92 THAT
THOSE LETTERS WHICH APPEAR ON THE WHITE HOUSE OVERDUE
REPORT HAVE BEEN ANSWERED. EXEC. SEC. DISPATCHED MEMOS
TO OBBDS ON 03-04-92. OAG/MCPHERSON PROVIDED COPY TO
OAG/LEVIN.

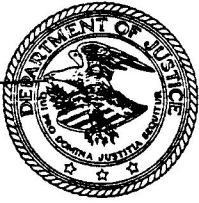
Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

24 FEBRUARY 92



Office of the Attorney General
Washington, D. C. 20530

March 4, 1992

MEMORANDUM FOR: HEADS OF COMPONENTS, OFFICES, BOARDS, AND
DIVISIONS

FROM: EUGENE SCALIA *ES*
ASSISTANT TO THE ATTORNEY GENERAL

SUBJECT: White House Correspondence

The Attorney General's office has received the attached memorandum from the White House, pointing out that the Department has fallen behind in responding to letters referred by the White House, and reminding us that responses must be completed in nine days.

I am writing to request that you, in turn, remind the person in your division responsible for handling referred correspondence of this nine-day rule. In addition, attached to the copy of this memorandum sent to nearly every division chief is a list of letters in that division that the White House has indicated should have been handled but apparently have not been. I would appreciate confirmation by Thursday, March 12, that those letters have been answered.

The attached memorandum also contains a summary of general procedures for handling White House correspondence that ought to be reviewed by the person responsible for such things in your office.


Thank you.

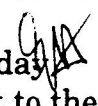
cc: Daniel B. Levin

THE WHITE HOUSE
WASHINGTON

February 24, 1992

MEMORANDUM FOR THE CHIEFS OF STAFF OF EXECUTIVE
DEPARTMENTS AND AGENCIES

FROM: Phillip Brady 
Assistant to the President and Staff Secretary

Ede Holiday 
Assistant to the President
and Secretary of the Cabinet

SUBJECT: White House Correspondence

Previously, a memorandum was sent to each of you expressing the high priority that President Bush places on the timely and responsive answering of all mail that is addressed to him. This includes Presidential mail that is referred to departments or agencies for response.

Recently, we have noticed an increase in the amount of overdue White House correspondence at the departments. Therefore, this seems to be an appropriate time to readdress this issue.

Letters to the President

Official letters and letters of significant interest to the President are first logged into the White House Correspondence Control system. Those letters that we feel can best be answered by the department having primary responsibility for the issue are then assigned to that department for action. We ask that these letters be answered directly or returned to the White House with a draft reply ***within nine working days***. If your department responds directly, a copy of the response, the ***original*** incoming letter and other backup material must be returned to the White House for our files.

We also forward to you letters from the general public that deal directly with your department's area of expertise or responsibility. Although these letters are not tracked, we ask that they, too, be answered promptly -- even if the only possible response is to thank the writer for sharing his or her views. These letters deserve prompt replies no less than letters that require a more detailed response.

WHITE HOUSE REFERRAL OFFICE
OCTJLATE

PAGE: 23
AS OF FEB 22 1992
ACTION REQUESTED

OFFICE	RECID	DATE	DAYS	FROM:	ADDRESS	
1 DOJ	278608	911018	127	SMITH, ALICE E., MRS. VICTIM OF FRAUD NEEDS HELP GETTING HER MONEY BACK FROM MODESTO D. (PETE) CUNANAU	SANTA BARBARA, CA 93111 <i>Open FBI</i>	R
2 DOJ	283953	911106	108	BARBAT, VERONICA, MS. SEEKS HELP WITH IMMIGRATION STATUS	STAMFORD, CT 06901 <i>closed 2/27/92</i>	R
3 DOJ	284482	911107	107	ALVARADO, LUIS HUMBERTO, MR. REQUESTS RESIDENCE STATUS TO LIVE AND WORK IN THE UNITED STATES	SAN BRUNO, CA 94066 <i>closed 2/27/92</i>	R
4 DOJ	285563	911113	101	YANG, MING, MS. SEEKS HELP WITH HER POLITICAL ASYLUM REQUEST	BOSTON, MA 02115 <i>Open INS</i>	R
5 DOJ	287750	911121	93	BRUNNER, FRANCES S., MS. COMPLAINTS ABOUT BANKRUPCY COURT	LAKE MONTEZUMA, AZ 86335 <i>closed 3/2/92</i>	R
6 DOJ	288563	911126	88	PIRVULESCU, CONSTANTIN SEEKS HELP WITH POLITICAL ASYLUM REQUEST	BURLINGTON, VT 05401 <i>closed 2/27/92</i>	R
7 DOJ	289937	911203	81	HURTADO, EDGARD D., MR. SEEKS HELP IN OBTAINING POLITICAL ASYLUM	DALY CITY, CA 94015 <i>closed 2/21/92</i>	R
8 DOJ	290348	911204	80	IKOMI, TAI SEEKS INTERVENTION WITH INS IN THE CASE OF MRS. CHARITY COA	COLUMBIA, SC 29210 <i>Open INS</i>	R
9 DOJ	288020	911205	79	DE HAAN, DALE S., MR. PROTESTS THE FORCIBLE REPATRIATION OF HAITIAN REFUGEES	NEW YORK, NY 10115 <i>Open INS</i>	R
10 DOJ	289208	911206	78	NGUYEN, HAU, MR. REQUESTS AUTHORITIES AT THE REFUGEE CAMPS BE DIRECTED TO GRANT REFUGEE STATUS TO FORMER POLITICAL DETAINEES ESCAPING VIETNAM	GARDEN GROVE, CA 92642 <i>Open INS</i>	R

WHITE HOUSE REFERRAL OFFICE
OCTJLATE

PAGE: 24
AS OF FEB 22 1992
ACTION REQUESTED

OFFICE RECID	DATE	DAYS	FROM:	ADDRESS	
11 DOJ 289574	911206	78	GIAC, VEN THICH MAN, MR. WRITES REGARDING FORCED REPATRIATION OF VIETNAMESE REFUGEES IN HONG KONG	LOS ANGELES, CA 90005 <i>open INS</i>	R
12 DOJ 291293	911206	78	MANGALIAG, JULIA B., MS. REGARDING FIANCE'S IMMIGRATION STATUS	SEATTLE, WA 98155 <i>open INS</i>	R
13 DOJ 291407	911206	78	HAYS, JERRY, MR. AND MRS. CONCERNS ABOUT PROPERTY RIGHTS, BANKRUPTCY, ETC.	STUDIO CITY, CA 91604 <i>closed 2/21/92</i>	R
14 DOJ 291996	911211	73	DILLDIN, VERA, MRS. MOTHER OF TWO YEAR OLD SON BEING TREATED AT THE CLEVELAND CLINIC ASKS FOR PERMISSION TO REMAIN IN THE U.S.	STRONGSVILLE, OH 44136 <i>closed 2/21/92</i>	R
15 DOJ 292111	911211	73	FARRAS, ANA ISABEL SANZ, MS. REQUESTS HELP GETTING A HUMANITARIAN PAROLE FOR THEIR SON	HIALEAH, FL 33013 <i>closed 2/21/92</i>	R
16 DOJ 290044	911218	66	DOOLITTLE, JOHN T., THE HONORABLE EXPRESSES CONCERN REGARDING A DOJ CONSENT ORDER SENT TO ROBERT JOEHNCK, CITY ATTORNEY, LOOMIS, CALIFORNIA, REGARDING ACTIONS TO STOP A CONVICTED FELON'S EFFORTS TO ESTABLISH A A TRANSITION FACILITY FOR DRUG AND ALCOHOL ABUSERS WITH THE CITY LIMITS OF LOOMIS	WASHINGTON, DC 20515 <i>open CRT</i>	R
17 DOJ 286371	911223	61	YANG, GE, MS. REQUESTS THE PRESIDENT'S HELP REGARDING HER APPLICATION FOR POLITICAL ASYLUM	NEW YORK, NY 10017 <i>closed closed 2/21/92</i>	R
18 DOJ 290065	911223	61	MCHUGH, MARGARET, MS. EXPRESSES OPPOSITION TO ADMINISTRATION'S DECISION REGARDING THE FORCIBLE REPATRIATION OF HAITIAN REFUGEES	NEW YORK, NY 10022 <i>open INS</i>	R

WHITE HOUSE REFERRAL OFFICE
OCTJLATE

PAGE: 25
AS OF FEB 22 1992
ACTION REQUESTED

OFFICE REC'D	DATE	DAYS	FROM:	ADDRESS	
19 DOJ 303637	920103	50	GUARDINO, DAVID MARIUS APPEALS FOR HELP IN GETTING A PAROLE - FEELS HE HAS BEEN ILLEGALLY IMPRISONED	ATLANTA, GA 30315	R <i>Closed 2/25/92</i>
20 DOJ 295948	920106	47	PURYEAR, HAZEL V., MRS. SAYS SHE AND HIS SISTER WERE DEFRAUDED OUT OF ONE MILLION DOLLARS - SEEKS ASSISTANCE	WINTER SPRINGS, FL 32708	R <i>open cern (cred 2/27/92)</i>
21 DOJ 296540	920107	46	ABOUDAYA, KIMBERLY, MS. HUSBAND'S IMMIGRATION PROBLEMS	MELBOURNE, FL 32935	R <i>open INS</i>
22 DOJ 297744	920110	43	GONZALEZ, ELENA, MS. REGARDING THE IMPEACHMENT OF JUDGE KELLY FOR DELIBERATE MALPRACTICE	ACAPULCO XX XXXXX	R <i>Open EOT</i>
23 DOJ 298003	920121	32	DANFORTH, JOHN C., THE HONORABLE FORWARDS COPY LETTER FROM JOHN FAY TO THE PRESIDENT REGARDING HIS BANKRUPTCY CASE	WASHINGTON, DC 20510	R <i>open EOT</i>
24 DOJ 299917	920121	32	HOYER, STENY H., THE HONORABLE MESSAGE REQUEST RECOGNIZING THE PRINCE GEORGE'S COUNTRY MUNICIPAL POLICE AND SHERIFF'S DEPARTMENT FOR THEIR ACCOMPLISHMENTS IN 1991--1992	WASHINGTON, DC 20515	R <i>Open OAG</i>
25 DOJ 299909	920123	30	MELECHINSKY, ANDREW, MR. MARSHALL ORDERED THEM OUT OF HOME OR BE EVICTED	ENFIELD, CT XXXXX	R <i>open USM</i>
26 DOJ 300855	920124	29	OAKLEY, RICHARD LYNN, MR. GRANDPARENTS TRYING TO GET CUSTODY OF GRANDCHILDREN - GRANDFATHER ACCUSED OF ABUSE	CITRA, FL 32113	R <i>Closed 2/3/92</i>
27 DOJ 301085	920124	29	HAWK, STEVE B., MR. REGARDING DRINKING AND DRIVING	CLEMENTON, NJ 08021	R <i>open OJP</i>

WHITE HOUSE REFERRAL OFFICE
OCTJLATE

PAGE: 26
AS OF FEB 22 1992
ACTION REQUESTED

OFFICE REC'D	DATE	DAYS	FROM:	ADDRESS	
28 DOJ 301247	920127	26	LINNON, ROBERT C., PH.D., DR. URGES THE PRESIDENT TO REQUEST THE ATTORNEY GENERAL TO REOPEN THE CASE OF JOSEPH DOHERTY AND GRANT HIM A POLITICAL ASYLUM HEARING	WASHINGTON, DC 20036 <i>Open OLC</i>	R
29 DOJ 301253	920127	26	GORELICK, SOL, MR. URGES THE PRESIDENT TO GIVE JOSEPH DOHERTY A POLITICAL ASYLUM HEARING	NEW YORK, NY 10018 <i>Open OLC</i>	R
30 DOJ 301274	920127	26	SCHWARTZREICH, KEN, MR. SEEKS HELP IN GETTING A GREEN CARD	SOUTHBORO, MA 01772 <i>Closed 2/24/92</i>	R
31 DOJ 301328	920127	26	[REDACTED] - - - - - FOIA(b)(6) SUPPORT FOR BILL TO PUNISH RAPISTS [REDACTED] A VICTIM	POTTS, PA 17901 <i>Open OPD</i>	R
32 DOJ 301558	920128	25	CHEESMAN, KAREN G., MS. ALLEGES SHE WAS THE VICTIM OF A \$ 260,000 INTERSTATE BANKING FRAUD - WANT THE U.S. ATTORNEY TO PROVIDE HER WITH DOCUMENTS CLAIMS SHE HAS EVIDENCE	SHERRARD, IL 61281 <i>Open EOA</i>	R
33 DOJ 301632	920128	25	MCDORY, DELLONZO, MR. LAW ENFORCEMENT OFFICER'S PERSONNEL FILE DETAILS A JUVENILE FELONY CONVICTION REQUESTS A PRESIDENTIAL PARDON OR A FEDERAL JOB	COLTON, CA 92324 <i>Closed 2/19/92</i>	R
34 DOJ 302026	920128	25	LOVE, LILLIAN HILL, MS. WRITES AGAIN REGARDING HER SON AND THE SAL OF DRUGS	ATLANTA, GA 30315 <i>Closed 2/21/92</i>	R
35 DOJ 302128	920129	24	GUARDINO, DAVID, MR. REGARDING PAROLE HEARING FOR RECONSIDERATION	ATLANTA, GA 30315 <i>Closed 2/25/92</i>	R
36 DOJ 302215	920129	24	ALI, SAID, DR. CLAIMS DAUGHTER WAS KIDNAPPED FROM FORDHAM	NEW YORK, NY 10185 <i>Open FBI</i>	R

WHITE HOUSE REFERRAL OFFICE
OCTJLATE

PAGE: 27
AS OF FEB 22 1992
ACTION REQUESTED

OFFICE RECID	DATE	DAYS	FROM:	ADDRESS	
			UNIVERSITY - SEEKS HELP IN FINDING HER		
37 DOJ 302300	920129	24	ISNER, JULIA A. MS. CHILD KIONAPPED MORE THAN 18 MONTHS AGO	ERIE, PA 16510 <i>Open FBI</i>	R
38 DOJ 302509	920129	24	ROBERTS, JOHN E., MR. NEEDS INTERPRETATION OF THE VETERANS READJUSTMENT APPOINTMENT PROGRAM - HE DISAGREES WITH DOJ'S RESPONSE	BALLWIN, MO 63921 <i>Open EOA</i>	R
39 DOJ 301414	920130	23	GRIKETZ, KENNETH, THE HONORABLE URGES THE PRESIDENT TO RECONSIDER THE DECISION TO EXTRADITE JOSEPH DOHERTY TO GREAT BRITAIN	NEW CITY, NY 10956 <i>Open OLC</i>	R
40 DOJ 302721	920130	23	ROUSEY, B. KEITH, MR. HER FATHER AND UNCLE WERE KILLED IN A SHOOTING SPREE - WANTS FULL INVESTIGATION INTO THE MATTER	DANVILLE, KY 40422 <i>closed 2/26/92</i>	R
41 DOJ 302759	920130	23	PEDERSON, GARY FREDRICK, MR. SEEKS EMPLOYMENT IN LAW ENFORCEMENT FIELD	HONOLULU, HI 96815 <i>Open USM</i>	R
42 DOJ 303174	920131	22	VILA, JOSEPH M., JR., MR. WANTS A JOB WITH THE DEA	ORLANDO, FL 32803 <i>Open DEA</i>	R
43 DOJ 303833	920203	19	VECCHIARELLI, BARBARA, MS. PROBLEMS INVOLVING FBI AND MONEY THEY OWE FOR THEIR HELP IN BREAKING A MAJOR DRUG RING	LAS VEGAS, NV XXXXX <i>closed 2/26/92</i>	R
44 DOJ 303606	920204	18	CLOUGH, GEORGE L., JR., MR. URGES THE ATTORNEY GENERAL NOT TO DEPORT JOSEPH DOHERTY TO NORTHERN IRELAND	ST. LOUIS, MO 63122 <i>Open OLC</i>	G
45 DOJ 304082	920204	18	BAZU, MIHAIL	ANAHEIM, CA 92801 <i>Open INS</i>	R

WHITE HOUSE REFERRAL OFFICE
OCTJLATE

PAGE: 30
AS OF FEB 22 1992
ACTION REQUESTED

OFFICE REC'D	DATE	DAYS	FROM:	ADDRESS
62 DOJ 305830	920207	15	STRUBLE, PAM, MRS. FEELS THE NEW LAW TO CONFISCATE CARS WHERE DRUGS ARE FOUND IS UNFAIR THE THEM (THE PARENTS) THAT HAVE CO SIGNED FOR LOANS	ENIO, OK 73701 <i>closed 2/25/92</i>

R

ACTION REQUESTED

- AGENCY REFERRAL
- A - APPROPRIATE ACTION
- C - FOR COMMENT
- D - DRAFT REPLY FOR SIGNATURE
- F - MEMO TO BE USED AS ENCLOSURE
- I - FOR YOUR INFORMATION
- N - NO ACTION
- R - DIRECT REPLY, FURNISH INFO COPY
- S - FOR SIGNATURE
- X - INTERIM REPLY
- ***** - AGENCY INDICATES ACTION WILL BE DELAYED

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: SKINNER, SAMUEL K., CHIEF OF STAFF, THE WHITE HOUSE
To: AG. ODD: NONE
Date Received: 02-27-92 Date Due: NONE Control #: X92022703289
Subject & Date
02-24-92 "DEAR BILL" LETTER ADVISING THAT HE NOTICED
THE "WASHINGTON POST" COVERAGE OF THE AG'S RECENT
APPEARANCE ON "McLAUGHLIN." HE UNDERSTANDS THAT CERTAIN
OFFICIALS WILL BE WORKING WITH THE AG AND OTHER CABINET
OFFICERS TO COORDINATE THIS ISSUE BEFORE IT GETS OUT OF
HAND.

NO PRIOR RECORD IN EXEC. SEC.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	02-27-92	(5)			W/IN:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1P
	INTERIM BY:			DATE:		OPR:
	Sig. For:	NONE		Date Released:		MAU

Remarks

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

24 February 92

THE WHITE HOUSE
WASHINGTON

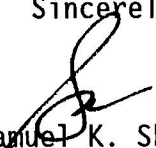
February 24, 1992

Dear Bill:

You're right. I did notice the Washington Post coverage of your appearance on McLaughlin last week. I understand Clayton and Brent will be working with you and other Cabinet officers to coordinate this issue before it gets out of hand.

Thanks for your cooperation.

Sincerely,



Samuel K. Skinner
Chief of Staff

The Honorable William P. Barr
The Attorney General
U.S. Department of Justice
Washington, D.C. 20530

EXECUTIVE SECRETARIAT

92 FEB 27 AM 30

RECEIVED
FEBRUARY 27 1992

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: SKINNER, SAMUEL, GRAY, C. BOYDEN, HOLIDAY, EDE, WHITE HOUSE
To: HEADS OF ALL DEPARTMENT AND AGENCIES (AG.) ODD: NONE
Date Received: 02-14-92 Date Due: NONE Control #: X92021402600
Subject & Date
02-13-92 MEMO REGARDING CONTACTS WITH THE PRESIDENT'S
RE-ELECTION CAMPAIGN.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	02-14-92	(5)			W/IN:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1S
	INTERIM BY:			DATE:		OPR:
	Sig. For:	NONE		Date Released:		CYN

Remarks

INFO CC: DAG.

(1) FOR INFORMATION.

03-30-92: OLC/FLANIGAN SENT MEMO TO HEADS OF DEPT.
COMPONENTS DATED 03-25-92 REGARDING CONTACTS WITH
CAMPAIGN ORGANIZATIONS. ADVISES THAT ALL REQUESTS FOR
INFO FROM THE DEPARTMENT AND ALL RESPONSES SHOULD BE
FUNNELED THROUGH THE DAG. COPY IN AG FILES. (HBR)

Other Remarks:

OLA CONTACT:

JRH 02-18-92

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

13 FEBRUARY 92

THE WHITE HOUSE
WASHINGTON

RECEIVED
7 FEB 14 1992
'92 FEB 14 24:30

February 13, 1992

MEMORANDUM FOR THE HEADS OF ALL DEPARTMENTS AND AGENCIES

FROM: SAMUEL K. SKINNER *SK*
CHIEF OF STAFF TO THE PRESIDENT
C. BOYDEN GRAY *CBG*
COUNSEL TO THE PRESIDENT
EDE HOLIDAY *EH*
ASSISTANT TO THE PRESIDENT AND SECRETARY
OF THE CABINET

SUBJECT: Contacts with the Campaign

As you know, the President formally announced his candidacy for re-election on February 12, and the campaign organization that will work for his re-election (Bush-Quayle '92) is now in place and operating. As a result, from now on, there will be a need to coordinate activities and contacts between the campaign, on the one hand, and the White House and the departments and agencies, on the other. In addition, there will be an increasing need to safeguard against the legal and related appearance problems that can easily become an issue when an incumbent President seeks re-election.

To address these concerns, the President has decided to adopt a system for coordinating contacts between the campaign and the Executive Branch that we call the "funnel" system. It is modeled after the system used by the Reagan Administration during the 1984 re-election campaign. The "funnel" will consist of the Chief of Staff's Office and his designated campaign liaison to the departments and agencies, Ede Holiday. With limited exceptions, all communications between the campaign and officials in the Administration must be directed through this "funnel."

Although we briefly described how the "funnel" will work at last month's briefings on the State of the Union, not all officials in your respective departments and agencies were able to attend. In addition, we have already received a number of questions about what is and is not permitted. We are therefore providing this memorandum to explain in greater detail how the system will work, and we ask that you ensure that this guidance is distributed to officials in your department or agency.

Authorized Contacts

The basic operation of the "funnel" is straightforward. The Chief of Staff will be responsible for coordinating all contacts between the campaign and the Administration. He will hold daily meetings to ensure that all activities between the campaign and the Administration are properly coordinated. In addition, to ensure adequate coordination with the departments and agencies, he has designated Ede Holiday to serve as the campaign liaison for the departments and agencies. Subject only to the exceptions described below, officials in the departments and agencies are not permitted to contact the campaign directly.

There are three limited exceptions to this rule. First, the Chief of Staff or Ede Holiday may authorize direct contacts for specified purposes. You should not contact the campaign without prior authorization, and you should not accept calls from the campaign unless the campaign official has received prior authorization from the Chief of Staff or his designee. If you need to contact the campaign, you should first obtain authorization from Ede Holiday.

Second, Presidential appointees are authorized to coordinate their schedules and make other arrangements with the campaign (e.g., discussing the remarks they plan to give) before making surrogate appearances. These contacts may, however, take place only after Ede Holiday has been notified that the campaign would like to schedule a surrogate appearance.

Third, the campaign may contact a department or agency to obtain publicly-available material. The campaign has been asked to direct all such requests through a single, non-Hatched official in your agency, and Ede Holiday has asked that one such official be designated to serve in this role. All other requests from the campaign for information should be directed to Ede Holiday for appropriate action.

The only other authorized contacts will be between the campaign press office and the Office of the Press Secretary at the White House and between the campaign general counsel and the Office of White House Counsel. The Office of the Press Secretary and the Office of White House Counsel may, in appropriate circumstances, authorize your Public Affairs Office or your General Counsel to communicate with the campaign.

Individuals Subject to the Funnel

The "funnel" applies to all Administration officials. This includes officials who are not subject to the Hatch Act as well as those who are subject to the Hatch Act. (You should avoid having your Hatched employees contact the campaign, except to

carry out official, ministerial tasks at the direction of a non-Hatched official who is authorized to contact the campaign.)

Similarly, all officials working for Bush-Quayle '92 will direct their contacts through the "funnel." The campaign will have part-time advisors who also represent other clients. These advisors will not be treated as part of the campaign when they are representing these outside clients, and they will continue to represent those clients before the Executive Branch without going through the "funnel." When doing so, however, they have been asked to disclose the fact that they are not representing the campaign. This will ensure that there is no confusion over whether they are making contacts outside the "funnel." It will also protect against any appearance that these officials are using their campaign positions to benefit special interests.

The restrictions on contacts with the campaign do not apply to contacts with other campaign organizations other than Bush-Quayle '92 (for example, Congressional campaigns) and the national and state party organizations. You may continue to maintain the same contacts with these organizations that you have throughout the Bush Administration. Nonetheless, we recommend that any surrogate appearance by an Executive Branch official on behalf of other candidates be coordinated with Ede Holiday and that you consult with your General Counsel or the Office of White House Counsel before undertaking any political activity.¹

Finally, if you have any questions concerning this memorandum or political activity in general, please contact Ede Holiday or the Office of White House Counsel, as appropriate.

cc: General Counsels

¹For further guidance on the limitations that are placed on political activity, please consult with your General Counsel or refer to the memorandum of November 27, 1991 from C. Boyden Gray to White House Staff on this subject. Additional guidance to senior Administration officials concerning political travel is contained in the February 13, 1992 memorandum from C. Boyden Gray to the Cabinet.

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: SKINNER, SAMUEL K., CHIEF OF STAFF, THE WHITE HOUSE
To: AG. ODD: 02-04-92
Date Received: 01-28-92 Date Due: 02-14-92 Control #: X92012801369
Subject & Date
01-26-92 HANDWRITTEN "BILL" NOTE ATTACHING A PAPER REGARDING
THE COST BASIS OF A CAPITAL GAIN AND REQUESTS DOJ'S
COMMENTS.

	Referred To:	Date:		Referred To:	Date:	
(1)	TAX;PETERSON	01-28-92	(5)			W/IN:
(2)	OLC;FLANIGAN	02-07-92	(6)			
(3)	OAG;	02-07-92	(7)			PRTY:
(4)			(8)			1P
	INTERIM BY:			DATE:		OPR:
	Sig. For: AG.			Date Released: 02-21-92		MAU

Remarks

INFO CC: OAG, DAG.

- (1) PREPARE RESPONSE FOR AG SIGNATURE AND RETURN THRU EXEC. SEC., ROOM 4400-AA, WITH A COPY OF THE INCOMING CORRESPONDENCE, FOR TRANSMITTAL TO OAG.
(2) PER TAX (MIKE PAUP, 514-5109), OLC WILL HANDLE. PLEASE PROVIDE EXEC. SEC., ROOM 4400-AA, WITH COPY OF RESPONSE. (LCH
(3) OLC PREPARED RESPONSE AND HAND CARRIED TO OAG FOR SIG.

Other Remarks:

PROVIDED COPY TO EXEC. SEC. (HBR)
02-21-92 AG SIGNED LETTER DATED 02-07-92. ORIGINAL HANDLED BY OAG. OAG PROVIDED EXEC. SEC. A COPY FOR THE AG FILES.
CC TO OLC. (TJ)

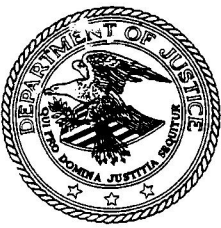
OLA CONTACT:

JRH 01-28-92

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL, AG CHRON

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

26 January 92



Office of the Attorney General
Washington, D. C. 20530

February 7, 1992

Hon. Samuel K. Skinner
Chief of Staff to the President
The White House
Washington, D.C. 20500

Dear Sam:

I asked the Office of Legal Counsel to look at the question you sent over regarding indexing of capital gains by regulation. OLC has concluded that text and legislative history of the Internal Revenue Code do not support the Paul Craig Roberts proposal and that the proposal would not be a permissible interpretation of the Code even under the fairly lenient standard of the Supreme Court's Chevron decision. Please let me know if you want me to do anything further with this matter.

Sincerely,

William P. Barr
Attorney General

1-26 92

Bill

Can you have a Sharp
bayer in ~~the~~ Division look
at this idea & let me know
what they think. - Thgts
Sam

The definition of the cost basis of a capital gain is regulatory, not statutory, thus making it possible for a regulatory amendment to cut the capital gains tax rate by including inflation in the definition of cost basis.

This conclusion is based on the following:

The Internal Revenue Code (I.R.C.) defines the basis of property in I.R.C. § 1012 as "the cost of such property."

Treasury Regulation § 1.1012-1(a) states that: "In general, the basis of property is the cost thereof. The cost is the amount paid for such property in cash or other property."

The gain on a sale or exchange is generally the "amount realized," which is defined in I.R.C. § 1001(b), less the "adjusted basis" of the asset, which is defined in I.R.C. §§ 1011, 1012, 1016.

Although the Internal Revenue Service (I.R.S.) has historically defined "cost" in I.R.C. § 1012 without reference to inflation, no statutory provision requires this interpretation of the code. Treasury Regulation § 1.1012-1(a) could be amended by the I.R.S. in an administrative rulemaking procedure to define cost to include an adjustment for inflation.

The Supreme Court has given administrative agencies wide latitude in reinterpreting statutes especially when provisions are vague. For example, in Chevron v. Natural Resources Defense Council, decided in 1984, the Court upheld the Environmental Protection Agency's (E.P.A.) reinterpretation of the phrase "stationary source" to allow a state to treat pollution-emitting devices within the same industrial setting as being in the same "bubble." The Court said that "if the statute is silent or ambiguous with respect to the specific issue, the question for the court is whether the agency's answer is based on a permissible construction of the statute."

Also, in Rust v. Sullivan, decided in 1991, the Court upheld a Department of Health and Human Services regulation forbidding federally funded family planning clinics from counseling patients about abortion. As in the Chevron case, the Department's regulatory interpretation of the statute reflected a change in policy. Chief Justice Rehnquist reiterated that agency interpretations are not "instantly carved in stone" and are not required to "last forever," and that agencies must be given "ample latitude" to adapt policies to "changing circumstances."

The Supreme Court upheld the I.R.S.'s redefinition of 501(c)(3) tax exempt status to include the admission of applicants who engage in interracial marriage and dating in Bob Jones University v. United States, decided in 1982. Chief Justice Burger's majority opinion stressed the government's "fundamental,

overriding interest in eradicating racial discrimination in education."

Despite the fact that the 1964 Civil Rights Act in clear statutory language denied the Equal Employment Opportunity Commission any substantive rulemaking authority, the Supreme Court in 1971 in Griggs v. Duke Power upheld commission guidelines which substantively redefined discrimination to remove intent from the definition of discrimination. Chief Justice Burger's unanimous opinion stated that: "The administrative interpretation of the Act by the enforcing agency is entitled to great deference."

Although the I.R.S. abides by the rulemaking requirements of the Administrative Procedure Act (A.P.A.), the agency's position is that it is not bound by the Act. Thus the I.R.S. asserts that it has even more regulatory discretion than agencies bound by the A.P.A.

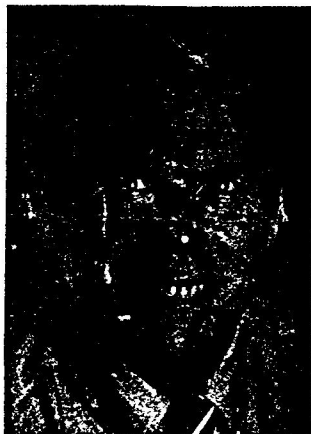
If the I.R.S. amends the regulation defining the cost basis of capital gains, anyone who wished to challenge the new rule in court would have to have standing. In order to have standing, the party would have to prove particularized injury from making the taxation of capital gains equivalent to the taxation of personal income and taxing only real gains. Those who oppose lower capital gains tax rates by demanding that capital gains be treated as ordinary income would have no grounds for complaint.

Furthermore, in order for a court to challenge the action of an agency, the issue must be ripe for review. The President could prevent court review by submitting supporting legislation on the grounds that although the executive branch already has the legal authority to make the regulatory change, he wants to prevent future Presidents from changing the regulation to permit the taxation of nominal gains. It is doubtful that courts would find the issue ripe for review while legislation is pending.

When Alfred W. Blumrosen set up the Equal Employment Opportunity Commission with the goal of establishing racial quotas, he bragged that he had the "administrative creativity" to make the E.E.O.C., like "the proverbial bumble bee," fly "in defiance of the laws governing its operation." The E.P.A.'s recent success in stretching the 1972 Clean Water Act to include wetlands is a similar example. Both the E.E.O.C. in 1965 and the E.P.A. today have less legal basis for their interpretations of their respective statutes than the Treasury Department has to bring the regulatory definition of the cost basis of a capital gain in line with the treatment of personal income, economic reality and correct economic definition.

RESCUING REAL ESTATE WILL SAVE BANKS AND THE ECONOMY, TOO

BY PAUL CRAIG ROBERTS



Cutting the capital-gains tax rate, shortening the capital-recovery period, and ditching 'passive investor' rules would breathe life into the market and save billions in bailout costs

PAUL CRAIG ROBERTS IS CHAIRMAN OF THE INSTITUTE FOR POLITICAL ECONOMY IN WASHINGTON

It was only yesterday that we were being assured that a budget deal trading higher taxes for lower interest rates would save the economy. Now, with the deal in hand, the economy is sinking, and the red ink is rising. And it appears that the short-lived recession that President Bush's economic advisers forecast in January may be with us a lot longer.

As improbable as it may seem, government policymakers aren't confronting the core problem we need to solve if we are to fight our way out of this particular recession. The sober reality is that real estate makes up a sizable chunk of the collateral of the financial system, and real estate prices have been dropping disastrously. The ability of the Federal Reserve Board to fight the recession with a credit expansion may first require a stabilization of real estate prices. As the value of collateral shrinks, capital is impaired, and the ability to create new loans is restricted. Depressed real estate prices are not only an important reason why we are in recession but they are likely to make it all but impossible for us to spend our way out of it.

Before real estate can be stabilized, policymakers will have to come to grips with the role that the 1986 tax reform played in pulling the rug out from under real estate prices. That reform lengthened the depreciation period for structures from 19 years to 31, thus collapsing the present values of real estate investments. Not content with this blow, the reformers deprived "passive investors" of normal tax deductions (mortgage interest, taxes, depreciation), thus hiking the costs of the investments. In case any profit was left, the reform raised the capital-gains tax rate from 20% to 28%—an increase of 40%.

WRONG RESULT? Overnight, real estate investments became uneconomic. Investors were forced to dump their stakes, and the sinking market hurt the lenders that had financed the deals. As the financial system's weakest link, savings and loans were the first big casualty. It's ironic that Treasury Dept. officials expected the real estate provisions of the 1986 Tax Reform Act to raise revenues for the government. Instead, we got a \$500 billion S&L bailout, caused in large part by the collapse of real estate values.

And it isn't over yet. Commercial-property values will continue to fall until price declines make the ventures profitable under the new law. In the meantime, original investors and creditors will experience losses. Due to federal deposit insurance, this contraction in the value of thrifts' and banks' real estate portfolios also increases tax burdens or inflates the deficit. The sooner the downward spiral in prices

can be stopped, the less red ink will result and the more effective the Fed's efforts to ease credit will be.

A reduction in the capital-gains tax rate, a shorter capital-recovery period, and the elimination of the "passive investor" rules would breathe life back into real estate values, save many financial institutions from failure, and save the government—or taxpayers—billions of dollars in bailout costs. Those who advocate a lower capital-gains tax rate because it would raise revenues are using only half the argument. The impairment of financial capital that is frustrating monetary policy and prolonging the recession would be reversed by a lower capital-gains tax.

NO HANDOUT. A capital-gains tax cut that reduces the cost of the S&L bailout and prevents its spread into the banking and insurance sectors of the financial system would not be a handout to the rich. Moreover, by permitting a credit expansion to get in gear, it would save many Americans from the hardships of unemployment. Doctrinaires who oppose a reduction as "a tax break for the rich" are attacking the jobs of Americans and the health of our financial system.

The "debt excesses" that plague the financial sector are not the handiwork of "S&L crooks" but are the direct consequence of the real estate provisions of 1986 tax reform and other ill-considered legislation, such as the 1989 S&L Act, which increased thrifts' capital requirements while closing off many avenues of revenue generation. Debt becomes excessive when recession, taxation, and regulation reduce asset values.

That is now happening on a grand scale. The nonchalance with which policymakers view their handiwork does not signal a rebirth of *laissez-faire* but rather a miscalculation with potentially high costs. The downward spiral will have a long way to go if regulators succeed in forcing financial institutions to "mark-to-market," or value at current market prices, their long-term investments.

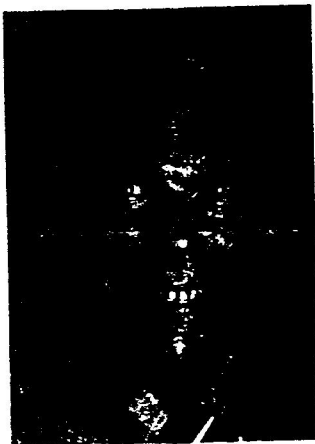
It is astonishing that Federal regulatory officials who extol the long view toward business investment seem determined to force financial institutions to carry their long-term investments at current market prices. No one can afford to have his capital destroyed by temporary declines in asset values that will recover in the long haul.

If President Bush can make a case for expending American lives and treasure on Arab disputes in the Middle East, he can easily put the straightforward argument to the American people for stabilizing real estate values with a cut in the capital-gains tax rate.

KATHERINE LAMBERT

IS THIS A SLOWDOWN —OR A SEA CHANGE?

BY PAUL CRAIG ROBERTS



A case can be made that this isn't a recession at all, but a contraction brought on by overtaxation and overregulation—policies that are moving the economy to a permanent path of lower growth

A recovery may be waiting in the wings, but it's too shy to step onto the stage. And for good reason: This could be the most overforecast recovery since the one that didn't arrive in the 1930s. The Bush Administration and "blue-chip" forecasters have been expecting the recovery since the victorious conclusion of the brief Persian Gulf war, and 1991 ended with the stock market staging a second runup predicting recovery—investors reasoning that economic news was so bad it could only get better.

Experts can't figure out why the normal recession cycle of working down inventories of goods and consumer installment debt is taking so long. Perhaps they are wrong in trying to understand this slowdown as a recession. A case can be made that the economy is undergoing something quite different: a policy-induced fixed-investment contraction that is moving the economy to a lower growth path.

In the days before Keynesians and monetarists, business-cycle theorists stressed the natural tendency of economies to overinvest in fixed assets financed with debt. They held that overinvestment leads to excess capacity that must gradually be worked off. As earnings drop, associated defaults impair the collateral and capital of the financial system.

Arguably, a similar but worse effect has been caused by our current policymakers. The desired stock of capital has been reduced by the tax and regulatory increases of recent years. Instead of undergoing an inventory correction, the economy is making an adjustment to a permanently lower growth path. After the adjustment to the less favorable tax and regulatory climate is completed, the economy will resume growth, but along a lower path that reflects the higher cost of capital.

NEW LIABILITIES. Without doubt, the 1986 Tax Reform Act reduced the profitability of real fixed business investment. This is most easily seen in commercial real estate, where large changes in depreciation, deductions, and capital-gains taxation smashed the value of properties. In an exuberant economy that had already overinvested in real estate assets, the tax reform greatly magnified the contractionary effect.

The large-scale destruction of real estate and financial-institution wealth, which has caused so many savings-and-loan associations and banks to go bust at enormous cost to the taxpayer, has amplified the investment contraction. Financial institutions, under pressure by regulators, have switched to an archconservative lending mode, thus making it harder to finance any investment.

Just as hikes in federal taxes mimic the ef-

fects of overinvestment on profits, so do increases in regulation and state and local taxes. The Bush Administration has so massively added to regulatory costs with clean-air, disability, and civil rights acts that the *National Journal* has labeled Bush "the Regulatory President." The billions of dollars that businesses must invest to comply with new regulations add nothing to their profits, thus lowering return on investment. Constant increases in property, income, and excise taxes at state and local levels, together with the explosion in tort liability and growing legal unpredictability, have also reduced the earnings of business' fixed investments. The 1991 Civil Rights Act added enormous legal liabilities to employment, reducing the expected earnings of business capital.

PLUMMETING CONFIDENCE. If the economy is undergoing a policy-induced fixed-investment contraction, the usual antirecessionary policies designed to boost consumer spending could be ineffectual or counterproductive. Higher consumer demand alone won't make businesses profitable if taxes and regulations have killed the rate of return on investment; it will just drive up prices as it did in the 1970s. Lower interest rates can boost the cash flow of business and households and reduce loan-default rates, but they cannot offset the depressing effect on earnings of higher taxes, regulation, and lawsuits.

Fortunately for the inflation rate, many of the actions contemplated by policymakers to stimulate consumer demand, such as middle-class tax rebates, will have only negligible effect on the economy. Years ago, Milton Friedman postulated that consumer-spending patterns reflect permanent income only, and economists have found that temporary tax changes, such as the 1968 surtax and 1975 tax rebate, have had little effect on consumption.

There is, nevertheless, a danger in policymakers' misunderstanding the economy's woes. When antirecessionary policies designed to boost demand have no effect, confidence could plummet further. On the other hand, an irrefutable demonstration of the impotence of government policy might puncture the faith in big government that has plagued our culture since the 1930s.

If policymakers are unhappy with the economy's movement to a lower growth path, they will have to reverse their own handiwork—the tax and regulatory changes that have made it impossible to sustain the growth path of the 1980s. Measures aimed at boosting demand cannot offset the government policies that are pushing the economy down to a lower growth path.

PAUL CRAIG ROBERTS IS CHAIRMAN
OF THE INSTITUTE FOR POLITICAL
ECONOMY IN WASHINGTON

DOJ EXECUTIVE SECRETARIAT CROSS-REFERENCE RECORD



CONTROL NUMBER: 92011300511

HUBBARD ALLAN B & LEFKOWITZ, JAY P

THE ENTIRE DOCUMENT PACKET FOR THE CONTROLLED
CORRESPONDENCE INDICATED BY THE ABOVE EX.SEC.
CONTROL NUMBER HAS BEEN FILED IN THE FOLLOWING
PRIMARY FILE LOCATION WITHIN THE SUBJECT FILES
OF THE ATTORNEY GENERAL.

PRIMARY FILE: WORKING GROUPS/JOB TRAINING 2000
WORKING GROUP

13 Jan 92

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: SKINNER, SAM, CHIEF OF STAFF, WHITE HOUSE
To: AG. ODD: NONE
Date Received: 01-08-92 Date Due: NONE Control #: X92010800321
Subject & Date
01-08-92 NOTE FORWARDING TALKING POINTS REGARDING THE
"TEN MOST WANTED" PROPOSAL THAT HE WOULD LIKE TO DISCUSS
WITH THE AG.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	01-08-92	(5)			W/IN:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1S
	INTERIM BY:			DATE:		OPR:
	Sig. For:	NONE		Date Released:		MAU

Remarks
INFO CC: OAG (WEATHERBEE), DAG.
(1) FOR APPROPRIATE HANDLING.

Other Remarks:

OLA CONTACT:
MWC 01-09-92
FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

8
JANUARY 92

THE WHITE HOUSE
WASHINGTON

DATE: Jan. 8, 1992

TO: Bill Barr

FROM: SAM SKINNER

- ☐ Action
- ☐ Your Comment
- ☒ Let's Talk
- ☐ See Me
- ☐ FYI

RECEIVED
DEPARTMENT OF JUSTICE
JAN -8 P5:01
EXECUTIVE SECRETARIAT

Al6 Baner

FOR USE IN THE DISCUSSION OF "TEN MOST WANTED"

TALKING POINTS
"TEN MOST WANTED" PROPOSAL

The Administration has rightly made the destruction of major drug trafficking organizations our most important federal law enforcement objective.

We need to give this objective concrete meaning, however.

- o It is now difficult to get some enforcement agencies to focus appropriately on major organizations, rather than merely paying lip-service to this objective.
- o The average American has no way of seeing what difference our law enforcement efforts make to the level of drug trafficking. It is difficult for the average citizen to determine whether groups of arrests reported in the press are significant attacks on trafficking or minor events.
- o The American people have a right to know who is inflicting this suffering and violence on them.

Identifying the "Ten Most Wanted" domestic trafficking organizations would focus efforts and create a means of demonstrating progress.

- o This need not compromise investigations of those who are not aware they are under scrutiny -- we would announce that the list does not include such organizations.
- o We, obviously need your expertise to create such a list, but it might include:
 - Cali Cartel groups operating in New York, Miami, Los Angeles and Houston.
 - Medellin Cartel groups in New York and Miami.
 - The Mexican Garcia Abrego transportation organization operating in Texas.
 - Selected Chinese, Pakistani, Afghan, Mexican, and Nigerian heroin trafficking organizations.

This is a test of our policy. We would be naming names and setting goals that we claim will make a difference. But we would choose those goals. If we cannot identify at least a substantial portion of the major trafficking groups, or if we do not believe we can take law enforcement action against them that will make a real difference, what contribution is law enforcement capable of making?

Page 2

Communities throughout the Nation have identified local drug gangs and tafficking organizations. We should do so too, and set priorities among those that we identify. If we don't do it, it will be done for us by the localities.

SAFE SCHOOLS

Problem

Violence, including drug-related violence, is on the rise in the schools. There has been an alarming number of student-to-student, student-to-teacher, and outsider-to-student violent crimes committed on and around school grounds.

In order to meet the National Goals of America 2000, in particular Goal 6, that every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning, we must ensure a safe learning environment for our students and teachers. The creation of the Drug-Free School zones has deterred some of the violence and drug dealing in these areas, but more needs to be done.

Proposal

The Administration should propose a one-time infusion of capital to the schools to procure items that will promote a safe, drug-free environment. This Safe Schools program would be similar to the successful Department of Housing and Urban Development's Drug Elimination Grant (DEG) program. The DEG program enables housing authorities to secure buildings by various means, including installing metal detectors, securing perimeters, and encouraging resident involvement, thereby creating and ensuring a safe, drug-free living environment. In Chicago, for example, the authorities "sweep" the building to rid it of the weapons, drugs, and dealers residing in public housing. There have been measurable reductions in public housing crime and drug dealing due to this program.

The Safe Schools Initiative would:

- o be directly linked to accomplishing the goals of America 2000 and the Weed and Seed initiative;
- o provide measurable reductions in violence committed on and around school grounds;
- o be administered by the Dept. of Education and distributed to State Educational Agencies which would target those areas, either Local Educational Agencies or particular school buildings, that could demonstrate the greatest need; and
- o permit school districts to use the funding for security related assets (such as metal detectors), to facilitate a safe, drug-free learning environment.

In addition, the Democrats are sponsoring a provision, contained in the Crime Bill, that would authorize \$100 million for BJA grants in FYs 92-94. These grants would go directly to LEA's in areas with a high incidence of crime.

Our initiative trumps the Democrats' proposal by putting more money at the problem faster.

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: SKINNER, SAM, CHIEF OF STAFF, WHITE HOUSE
To: AG.

Date Received: 01-07-92 Date Due: NONE ODD: NONE
Control #: X92010700207

Subject & Date

01-03-92 NOTE ENCLOSING A COPY OF THE MEMO HE RECEIVED FROM
DAVID DEMAREST DATED JANUARY 2, 1992, REGARDING
1992 DOMESTIC AGENDA MEMOS AND ADVISING THAT THE LEADS FROM
HIS AREA ON THOSE EFFORTS ARE: JOBS/ECONOMY AND HEALTH
CARE--BOBBIE KILBERG, AND CRIME, DRUGS AND EDUCATION--
LEIGH ANN METZGER.

SEE EXEC. SEC. 92010200072 - CONTROL SHEET ATTACHED.

Referred To:	Date:	Referred To:	Date:	
(1) OAG;	01-07-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1
INTERIM BY:		DATE:		OPR:
Sig. For: NONE		Date Released:		MAU

Remarks

INFO CC: DAG.

(1) FOR INFORMATION.

Other Remarks:

OLA CONTACT:

JRH 01-07-92

FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

3
JANUARY 92

THE WHITE HOUSE
WASHINGTON

DATE: Jan. 3, 1992

TO: The Attorney General

FROM: SAM SKINNER

- ☐ Action
- ☐ Your Comment
- ☐ Let's Talk
- ☐ See Me
- ☒ FYI

THE WHITE HOUSE
WASHINGTON

RECEIVED
DEPARTMENT OF JUSTICE

January 2, 1992

'92 JAN -7 A5:56

EXECUTIVE SECRETARIAT

MEMORANDUM TO: CHIEF OF STAFF SKINNER
FROM: DAVID DEMAREST *DD*
SUBJECT: 1992 DOMESTIC AGENDA MEMOS

Per the memos that my office was copied on regarding the President's 1992 domestic and budget agenda, here are the leads from my area on those efforts:

Jobs/Economy - Bobbie Kilberg

Health Care - Bobbie Kilberg

Crime and Drugs - Leigh Ann Metzger

Education - Leigh Ann Metzger

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: SKINNER, SAMUEL K., CHIEF OF STAFF, WHITE HOUSE
To: AG. AND GOVERNOR MARTINEZ ODD: NONE
Date Received: 01-02-92 Date Due: NONE Control #: X92010200072
Subject & Date

12-31-91 MEMO ADVISING THAT THE PRESIDENT'S 1992 DOMESTIC
AND BUDGET AGENDAS WILL EMPHASIZE HEAVILY CERTAIN
INITIATIVES IN THE AREA OF CRIME AND DRUGS. ASKS THAT THE
AG AND GOVERNOR MARTINEZ HEAD UP A TASK FORCE OF
COMMUNICATION OUTREACH AND POLICY-ORIENTED PEOPLE TO WORK
IN DEVELOPING COMMUNICATION EFFORTS. DAVID DEMAREST AND
BOBBIE KILBERG WILL PROVIDE SUPPORT ON THIS EFFORT. STATES
THAT HE AND BOB TEETER WOULD LIKE TO GO OVER THE PLANS **

Referred To:	Date:	Referred To:	Date:
(1) OAG;	01-02-92	(5)	
(2)		(6)	
(3)		(7)	
(4)		(8)	

INTERIM BY: DATE:
Sig. For: NONE Date Released:

W/IN:
PRTY:
1
OPR:
MAU

Remarks

** SOMETIME ON WEDNESDAY, JANUARY 9, 1992, AT WHICH TIME
THEY CAN FINALIZE THE EFFORTS.

INFO CC: OAG (ANDREWS, SCHATZ, WEATHERBEE), DAG, CRM, DEA.
(1) FOR APPROPRIATE HANDLING.
(SEE EXEC. SEC. 92010700207.)

Other Remarks:

OLA CONTACT:
MWC 01-02-92
FILE: WHITE HOUSE CORRESPONDENCE/GENERAL

CROSS REFERENCES:
1. TASK FORCES/General

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

31 DECEMBER 91

THE WHITE HOUSE
WASHINGTON

RECEIVED
DEPARTMENT OF JUSTICE

'92 JAN -2 P2:29

December 31, 1991

EXECUTIVE SECRETARIAT

MEMORANDUM FROM THE CHIEF OF STAFF

TO: Attorney General Barr
Governor Martinez

SUBJECT: 1992 Domestic Agenda

As you are aware, the President's 1992 domestic and budget agendas will emphasize heavily certain initiatives in the area of crime and drugs. In order for these initiatives to be properly understood and communicated, I am asking the two of you to head up a task force of communication outreach and policy-oriented people to work with you in developing our communication efforts. You should feel free to use resources within your departments, as well as within the White House. I have asked David Demarest and Bobbie Kilberg to cooperate with you on this effort and to provide support.

Bob Teeter and I would like to go over your plans sometime on Wednesday, January 9, at which time we can finalize your efforts. My office will be in touch to schedule the time.

If you have any questions, please don't hesitate to call.

Screened by NARA
(RD-F) 01-31-2019
FOIA # 60048
(URTS 16449)
DOCID: 70106570

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: HERMAN, ALEXIS, DEPUTY DIRECTOR OF PRESIDENTIAL TRANSITION
To: CARD, ANDREW H., JR., WHITE HOUSE (CC: OAG/LEVIN) ODD: NONE
Date Received: 12-10-92 Date Due: NONE Control #: X92121017574
Subject & Date

12-10-92 LETTER (FAX COPY REC'D FROM OAG) NOTIFYING THE
WHITE HOUSE THAT THE INDIVIDUALS WHOSE NAMES APPEAR ON THE
ATTACHED LIST ARE AUTHORIZED MEMBERS OF THE CLINTON-GORE
TRANSITION TEAMS FOR THE AGENCIES AND DEPARTMENTS. ALSO
ATTACHES NOTIFICATION OF A CLUSTER TEAM WHICH WILL HAVE
MEETINGS AT DOJ ON DECEMBER 10, 1992, AT 9:30 A.M.

NOTE: REC'D IN EXEC. SEC. ON 12-10-92 AT 9:56 A.M.

Referred To:	Date:	Referred To:	Date:	
(1) OAG;LEVIN	12-10-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1S
INTERIM BY:		DATE:		OPR:
Sig. For: NONE		Date Released:		MAU

Remarks

INFO CC: DAG, ASG, ATR, CIV.
(1) FOR INFORMATION.

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE CORRESPONDENCE/PRESIDENTIAL TRANSITION TEAM

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

10 DECEMBER 92

FAX COVER

PRESIDENTIAL TRANSITION

1120 Vermont Avenue, NW
Washington, D.C. 20005
202-973-2600

PLEASE DELIVER TO:

Dan Levin

FAX NUMBER:

514-4371

SENDER:

Alexis Herman

DATE:

Dec. 10, 1992

NUMBER OF PAGES:

4

(including cover sheet)

COMMENTS:

If you have any problems with the fax transmission, please contact the sender at the above number. Thank you.

The document accompanying this Facsimile Transmittal Sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately at (202) 973-2600.

JUSTICE CLUSTER

The following cluster team members have meetings at the Department of Justice at 9:30am on December 10.

Merrick Garland (Antitrust Division)

William Gardner (Civil Division)

Claire Gonzles

Dennis Hayashi

John Rich

Teresa Roseborough

RECEIVED
DEPT. OF JUSTICE
92 DEC 10 09:56
EXECUTIVE SECRET (JPM)

**Office of the President-Elect
and Vice President-Elect**

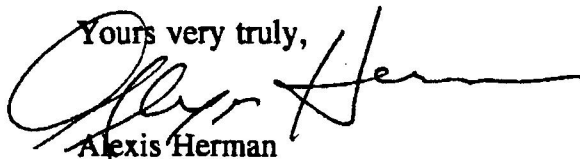
December 10, 1992

The Honorable Andrew H. Card, Jr.
Director, Presidential Transition
The White House
Washington, D.C. 20500

Dear Secretary Card:

This will notify you that the individuals whose names appear on the attached list are authorized members of the Clinton-Gore transition teams for the agencies and departments indicated. These people have met the applicable public disclosure requirements of the Presidential Transition Act and have agreed to abide by the Transition's Code of Ethical Conduct. We accordingly request that appropriate access be afforded and that the necessary notification be made to the Bush Administration transition contacts in each agency. We appreciate your cooperation.

Yours very truly,



Alexis Herman

Deputy Director of Transition

JUSTICE/CIVIL RIGHTS CLUSTER

Department of Justice

William Allen
Myron Baum
Allen Breed
Michael Danilack
William Gardner
Merrick Garland
Claire Gonzales
Susam Gzesh
Scott Harris
Dennis Hayashi
Philip Heymann
John B. Jones
Dina Lassow
Jude Kearney
Robert Litt
Rosalyn Mazer
David O'Connor
John Rich
Maurice Roberts
Teresa Roseborough
Paul Shechtman
Todd Stern

FEC

MSRP

Ellen Moskowitz

12/10/92

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: DOUGLAS, CHARLENE, WHITE HOUSE FELLOW, HHS
To: AG. ODD: NONE
Date Received: 02-13-92 Date Due: NONE Control #: X92021402530
Subject & Date
02-10-92 LETTER THANKING THE AG FOR HOSTING THE WHITE HOUSE
FELLOWS AND SHARING WITH THEM AS PART OF THE EDUCATIONAL
PROGRAM.

NO PRIOR RECORD OF MEETING IN EXEC. SEC.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	02-14-92	(5)			W/IN:
(2)			(6)			
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	INTERIM BY:			DATE:		OPR:
	Sig. For:	NONE		Date Released:		MAU

Remarks

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE FELLOWS
CROSS REFERENCES:
1. AG THANK YOU LETTERS/To AG

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

10 February 92



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

February 10, 1992

The Honorable William Barr
Attorney General
U.S. Department of Justice
10th and Constitution Ave., N.W.
Washington, D.C. 20530

Dear Mr. Attorney General:

Thank you for hosting the White House Fellows and sharing with us as part of the Educational Program. There are many changes and challenges facing the criminal justice system; it was informative for me to have an opportunity for exchange with the leader of that system.

Again, thank you.

Sincerely,

Charlene Douglas
White House Fellow

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: YOUNG, GEORGE H., III (WOODY), HUD, DC
To: AG. ODD: NONE
Date Received: 01-22-92 Date Due: NONE Control #: X92012301059
Subject & Date
01-21-92 LETTER THANKING THE AG FOR MEETING WITH THEIR
WHITE HOUSE FELLOWS GROUP.
NO RECORD OF PRIOR CORRESPONDENCE IN EXEC. SEC.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	01-23-92	(5)			W/IN:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1P
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	Sig. For:	NONE	Date Released:			EHZ

Remarks

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE FELLOWS
CROSS REFERENCES:

1. AG THANK YOU LETTERS/To AG

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

21 January 92



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20410-0001

RECEIVED
DEPARTMENT OF JUSTICE

'92 JAN 22 P3:22

EXECUTIVE SECRETARIAT

January 21, 1992

The Honorable William P. Barr
Attorney General
Department of Justice
10th and Constitution Avenue, N.W.
Washington, D.C. 20530

Dear Mr. Attorney General:

I do want to thank you for meeting with our White House Fellows group yesterday. I much enjoyed your discussion on the design and role of the Justice Department. Your commentary on the state of crime, especially drug related crime, was fascinating as well. I laud your efforts to stem the tide of gangs by reassigning FBI personnel throughout the country.

I was an investment banker in New York before coming to Washington and was thus interested in your comments on your relative lack of familiarity with anti-trust issues. As the President attempts to revitalize the economy by offering incentives for entrepreneurial efforts, could one not argue that a more energized anti-trust position might help bolster the Administration's efforts to encourage growth in small and medium size businesses?

Our round-table sessions are an incredibly important part of the Fellowship experience and thus I appreciate your willingness to share your vision with us. I hope that you might be willing to meet with other Fellows in the future, as we certainly will pass on our belief that there was tremendous value in our having met.

Thank you very much again. I send all good wishes.

Sincerely,

George H. Young III
White House Fellow

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: GRAY, W. SCOTT, IV, WHITE HOUSE FELLOW, DEPT. OF ENERGY
To: AG. ODD: NONE
Date Received: 01-23-92 Date Due: NONE Control #: X92012301078
Subject & Date

01-14-92 LETTER EXPRESSING HIS THANKS FOR INVITING THE
WHITE HOUSE FELLOWS TO JOIN THE AG FOR BREAKFAST RECENTLY.
STATES THAT THE AG'S REMARKS CONCERNING DRUG ENFORCEMENT,
THE S&L BANK SCANDAL AND DOJ'S ORGANIZATION AND OPERATIONS
WERE BOTH EDUCATIONAL AND THOUGHT PROVOKING.

NO PRIOR RECORD OF MEETING IN EXEC. SEC.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	01-23-92	(5)			W/IN:
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	Sig. For:	NONE		Date Released:		MAU

Remarks

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE FELLOWS
CROSS REFERENCES:
1. AG THANK YOU LETTERS/To AG

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

14 JANUARY 92



Department of Energy

Washington, DC 20585

RECEIVED
DEPARTMENT OF JUSTICE

14 January 1992 '92 JAN 23 AIO:40

Dear Mr. Attorney General,

EXECUTIVE SECRETARIAT

Thank you very much for inviting the White House Fellows to join you for breakfast. Your candid remarks concerning drug enforcement, the S&L bank scandal and your department's organization and operations were both educational and thought provoking.

Each of the White House Fellows seems to have a pet peeve, and mine is inner city crime. It is extremely comforting to watch your department's increased efforts in this most disturbing national issue. I wish you every success in your work to restore order to the inner cities of America.

Again, thank you for taking time out of your busy schedule to meet with the White House Fellows.

Sincerely,

W. Scott Gray IV
White House Fellow

The Honorable William Barr
Attorney General
Department of Justice
Washington, D.C. 20530

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: McCOWAN, RODNEY A., WHITE HOUSE FELLOW, AID, WASHINGTON, DC
To: AG. ODD: NONE
Date Received: 01-16-92 Date Due: NONE Control #: X92011600749
Subject & Date
01-10-92 UNSIGNED LETTER THANKING THE AG FOR MEETING WITH
THE MEMBERS OF THE WHITE HOUSE FELLOWSHIP PROGRAM.

NO PRIOR RECORD OF MEETING IN EXEC. SEC.

Referred To:	Date:	Referred To:	Date:	
(1) OAG;	01-16-92	(5)		W/IN:
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(4)		(8)		1P
INTERIM BY:		DATE:		OPR:
Sig. For: NONE		Date Released:		MAU

Remarks

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE FELLOWS
CROSS REFERENCES:
1. AG THANK YOU LETTERS/To AG

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

10 JANUARY 92

Agency for International Development

Washington, D.C. 20523

RECEIVED
DEPARTMENT OF JUSTICE

Office of
the Administrator

'92 JAN 16 A10:34

EXECUTIVE SECRETARIAT

January 10, 1992

Dear Mr. Barr,

The opportunity to meet with the most important and accomplished leaders in the nation -- to observe firsthand their leadership styles and to hear their perspectives on the great issues of the day -- is truly the most extraordinary aspect of the White House Fellowship Program. I want to thank you personally for taking the time to meet with my class. It was an honor and privilege to meet you, and I thoroughly appreciated and enjoyed the thoughtful comments, insights, and advice you shared with us.

Again, I thank you and hope to meet you again soon.

Sincerely,

Rodney A. McCowan
White House Fellow
Special Assistant to the Administrator

The Honorable William Barr
Attorney General
U.S. Department of Justice
10th and Constitution Ave., N.W.
Washington, D.C. 20530

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: KUTCHINS, ALISON, THE WHITE HOUSE

To: AG.

Date Received: 01-14-92 Date Due: NONE

ODD: NONE

Control #: X92011400568

Subject & Date

01-09-92 LETTER THANKING THE AG FOR MEETING WITH THE
1991-1992 WHITE HOUSE FELLOWS.

NOTE: NO RECORD OF PREVIOUS CORRESPONDENCE IN EX. SEC.

Referred To: Date:
(1) OAG; 01-14-92

Referred To: Date:

(2)
(3)
(4)

(5)
(6)
(7)
(8)

W/IN:

PRTY:

1P

OPR:

EHZ

INTERIM BY:

Sig. For: NONE

DATE:

Date Released:

Remarks

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE FELLOWS

CROSS REFERENCES:

1. AG THANK YOU LETTERS/To AG

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

9
January 92

THE WHITE HOUSE
WASHINGTON

RECEIVED
DEPARTMENT OF JUSTICE

January 9, 1992 '92 JAN 14 A10:15

The Honorable William Barr
Attorney General
U.S. Department of Justice
10th and Constitution Avenue, N.W.
Washington, D.C. 20530

EXECUTIVE SECRETARIAT

Dear Mr. Barr:

Thank you for taking time from your busy schedule to meet with the 1991-1992 White House Fellows.

I very much enjoyed your observations, and your candor was refreshing. You manage an enormous organization and face many complex issues that have significant impact on each of our lives.

Without the generous cooperation of leaders like yourself, the tremendous opportunity to observe government at its highest levels would not be possible. Your participation is greatly appreciated.

Regards,



Alison Kutichins

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: HARKER, PATRICK T., SPECIAL ASSISTANT TO THE DIRECTOR, FBI
To: AG. ODD: NONE
Date Received: 01-13-92 Date Due: NONE Control #: X92011400584
Subject & Date
01-09-92 LETTER THANKING THE AG FOR SPEAKING TO THEIR WHITE
HOUSE FELLOWS CLASS. STATES THAT THE AG'S THOUGHTS HAVE
GIVEN THE CLASS A GREAT DEAL TO CONSIDER AND DEBATE.

NOTE: NO RECORD OF PREVIOUS CORRESPONDENCE IN EXEC. SEC.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	01-14-92	(5)			W/IN:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1P
	INTERIM BY:			DATE:		OPR:
	Sig. For:	NONE		Date Released:		EHZ

Remarks

Other Remarks:

OLA CONTACT:

FILE: WHITE HOUSE FELLOWS
CROSS REFERENCES:
1. AG THANK YOU LETTERS/To AG

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

9 JANUARY 92



U.S. Department of Justice

Federal Bureau of Investigation

RECEIVED
DEPARTMENT OF JUSTICE

Washington, D.C. 20535

92 JAN 13 P3:28

EXECUTIVE SECRETARIAT

January 9, 1992

The Honorable William Barr
Attorney General
U.S. Department of Justice
10th and Constitution Avenues, N.W.
Washington, DC 20530

Dear Mr. Attorney General:

I would like to thank you for taking the time to speak to our White House Fellow class along with your hospitality. Your thoughts on our changing approach to law enforcement were quite interesting.

As a group, our class is very concerned with U.S. competitiveness, as our questions may have illustrated. As the "economic war" heats up, it seems imperative that we rethink our legal infrastructure to see if it helps or hinders us in this "battle". The need to reconsider our antitrust statutes and enforcement policies is a key element of this infrastructure change. As a citizen, I hope that the Department is at the forefront on this issue in order to help the U.S. win this economic war.

Thank you again for your time. As illustrated above, your thoughts have clearly given the class a great deal to consider and debate.

Sincerely,

Patrick T. Harker

Special Assistant to the Director
White House Fellow

C10

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: BRADY, NICHOLAS F., SECRETARY OF THE TREASURY
To: AG. ODD: 11-03-92
Date Received: 10-26-92 Date Due: 11-03-92 Control #: X92102715605
Subject & Date

10-21-92 "DEAR BILL" LETTER REQUESTING THE AG'S CONCURRENCE
IN ESTABLISHING AN INTERDEPARTMENTAL WORK GROUP TO
COORDINATE FORFEITURE ISSUES BETWEEN THE JUSTICE AND
TREASURY FORFEITURE FUNDS. ADVISES THAT A NUMBER OF
SPECIFIC ISSUES WERE NOT DEFINED WITHIN THE TREASURY
FORFEITURE FUND LEGISLATION AND MUST NOW BE ADDRESSED SO
THAT THE TWO FUNDS MIRROR EACH OTHER AS CLOSELY AS POSSIBLE.
HE HAS ASKED PETER K. NUNEZ, ASST. SEC. FOR ENFORCEMENT, **

Referred To:	Date:	Referred To:	Date:	
(1) DAG;TERWILLIGE	10-27-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1
INTERIM BY:		DATE:		OPR:
Sig. For: AG.		Date Released: 06-01-93		MAU

Remarks

** TO DESIGNATE THE MEMBERS OF THE WORK GROUP FROM TREASURY,
AND HE AND HIS STAFF ARE AVAILABLE TO BEGIN THE WORK GROUP
PROCESS AS SOON AS THE AG SELECTS HIS MEMBERS.

INFO CC: OAG, CRM, OPC.

(1) PREPARE RESPONSE FOR AG SIGNATURE AND RETURN THRU
EXEC. SEC., ROOM 4400-AA, FOR TRANSMITTAL TO THE AG.

Other Remarks:

06-01-93. PER ODAG (COPELAND), THIS ITEM WAS HANDLED
BY TELEPHONE BY ASSOCIATE DAD JEFFREY R. HOWARD. NO
FURTHER ACTION REQUIRED. (LH)

OLA CONTACT:

10/28/92 JRH REFERRED TO DF FOR REVIEW
FILE: WORKING GROUPS/GENERAL

CROSS REFERENCES:

1. TREASURY DEPARTMENT/General

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

21 OCTOBER 92



THE SECRETARY OF THE TREASURY

WASHINGTON

October 21, 1992

The Honorable William P. Barr
Attorney General
Department of Justice
Washington, D.C. 20530

92 OCT 26 14:23

EXECUTIVE SECRET

Dear Bill:

With the enactment into law of the Department of the Treasury Asset Forfeiture Fund, I would like to request your concurrence in establishing an interdepartmental work group to coordinate forfeiture issues between the Justice and Treasury Forfeiture Funds.

As part of the process of successfully achieving this legislation, Treasury and Justice assured Congress that we would develop procedures and guidelines to ensure consistency and uniformity of policy to the extent possible between our two funds. A number of specific forfeiture issues were not defined within the Treasury Forfeiture Fund legislation and must now be addressed so that the two funds mirror each other as closely as possible.

I have asked Peter K. Nunez, Assistant Secretary (Enforcement), to designate the members of the work group from Treasury. He and his staff are available to begin the work group process as soon as you select your members.

I look forward to your reply.

Sincerely,

Nicholas F. Brady

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: BARR, WILLIAM P., ATTORNEY GENERAL
To: EIKENBERRY, KEN, ATTORNEY GENERAL OF WASHINGTON
Date Received: 04-06-92 Date Due: NONE Control #: X92040605383
Subject & Date

03-31-92 LETTER OF FOLLOW UP ON THE ATTORNEY GENERAL'S
MEETING WITH MR. EIKENBERRY IN THE ROOSEVELT ROOM. THE
ATTORNEY GENERAL IS CREATING THE TWO WORKING GROUPS THAT
WERE DISCUSSED IN THE AREA OF HEALTH CARE FRAUD AND GAMING
REGULATIONS. COORDINATION WILL BE THROUGH THE DEPARTMENT OF
JUSTICE, CRIMINAL DIVISION AND PAUL MALONEY WHO HAS BEEN
DESIGNATED THE POINT OF CONTACT.

	Referred To:	Date:	Referred To:	Date:	
(1)	OAG; FILES	04-06-92	(5)		W/IN:
(2)			(6)		
(3)			(7)		PRTY:
(4)			(8)		1Y
	INTERIM BY:		DATE:		OPR:
	Sig. For: AG.		Date Released: 04-06-92		TEJ

Remarks

CONTROLLED AFTER THE FACT. AG SIGNED LETTER DATED 03-31-92
BY OAG. ORIGINAL HANDLED BY OAG. OAG PROVIDED EXEC. SEC. A
COPY FOR THE AG FILES.

Other Remarks:

OLA CONTACT:

FILE: WORKING GROUPS/GENERAL, AG CHRON
CROSS REFERENCES:
1. ATTORNEYS GENERAL/U.S.

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

31 MCGIT-92



Office of the Attorney General
Washington, D. C. 20530

March 31, 1992

The Honorable Ken Eikenberry
Attorney General of Washington
President, National Association of
Attorneys General
Hall of the States
444 North Capital Street
Washington, DC 20001

Dear General Eikenberry,

To follow up on our meeting Monday morning in the Roosevelt Room, I am creating the two working groups that we discussed. Further collaboration between members of the National Association of Attorneys General and the Justice Department in the areas of health care fraud and gaming regulation and enforcement will be helpful.

Both of these working groups will be coordinated through the Department of Justice, Criminal Division, under Bob Mueller. Assistant Attorney General Mueller has designated Paul Maloney as the point of contact for the working groups. We stand ready to assist the nation's Attorneys General with these issues and to discuss subsequent issues with the Association at your convenience.

My best wishes for a productive and successful Spring Meeting for you and the Association.

Sincerely yours,

Bill
William P. Barr
Attorney General

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: MANCINO, NICOLA, ITALIAN MINISTER OF JUSTICE, ITALY
To: AG. ODD: 09-29-92
Date Received: 09-18-92 Date Due: 10-27-92 Control #: X92091813849
Subject & Date
09-03-92 LETTER (W/COVER MEMO FROM MICHAEL DEFEO, DOJ, U.S.
EMBASSY IN ROME, TO CRM/PROCTOR DATED 09-08-92 TRANSMITTING
INVITATION AND TRANSLATION) ADVISING THAT HE AGREES WITH
TENTATIVE DATES OF NOVEMBER 11-13, 1992, FOR THE NEXT
MEETINGS OF THE ITALIAN-AMERICAN WORKING GROUP TO BE HELD
IN ROME.

	Referred To:	Date:		Referred To:	Date:	
(1)	CRM;MUELLER	09-18-92	(5)			W/IN:
(2)	DAG;TERWILLIGE	10-07-92	(6)			
(3)	OAG;	10-20-92	(7)			PRTY:
(4)			(8)			1
	INTERIM BY:		DATE:			OPR:
	Sig. For: AG.		Date Released: 12-09-92			MAU

Remarks

INFO CC: OAG, DAG, OIP, CRM (RICHARD, PROCTOR), FBI.
(1) PREPARE RESPONSE FOR AG SIGNATURE AND RETURN THRU
EXEC. SEC., ROOM 4400-AA, WITH INCOMING CORRESPONDENCE
FOR TRANSMITTAL TO THE AG.
(2) W/MEMO FROM OIP/ARENA TO THE AG DATED 10-06-92
SUBMITTING PREPARED RESPONSE FOR AG SIGNATURE; FOR
DAG CONCURRENCE. (MAU)

Other Remarks:

(3) DAG CONCURRED ON 10-19-92. TO AG FOR SIGNATURE. BJ
12-09-92: AG SIGNED LETTER DATED 10-30-92 & OAG RET'D
DIRECTLY TO OIP. EXEC.SEC. REQUESTED COPY FROM OIP.
MEETING WAS POSTPONED. (HBR)

OLA CONTACT:

10/19/92 GJT CONCURRED; TO E.S.

FILE: WORKING GROUPS/ITALIAN-AMERICAN WORKING GROUP, AG CHRON

CROSS REFERENCES:

1. ATTORNEYS GENERAL/Foreign

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

3
SEPTEMBER 92



Office of the Attorney General
Washington, D. C. 20530

October 30, 1992

The Honorable Nicola Mancino
Minister of the Interior
Palazzo del Viminale
Rome, Italy

Dear Minister Mancino:

Thank you for your letter of September 3, 1992, concerning the Italian-American Working Group. I fully agree with your assessment of the very positive contribution of the Working Group to our joint efforts in combatting international crime, my colleagues and I look forward to continuing this important work.

Unfortunately, it now appears that we will not be able to come to Rome during the period of the 11th through the 13th of November. My representative in Rome, Mr. Michael DeFeo, is available to discuss with your staff any alternative proposal you may have concerning the dates for our meetings, so that we might reach mutual agreement on this matter as soon as possible.

The level of cooperation between our countries in combatting international crime, most recently illustrated in our excellent work together in Operation "Green Ice," is exemplary. I look forward to the opportunity to strengthen not only our collaborative efforts in law enforcement but also the bonds of friendship that have for so long characterized the relationship between our countries.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Barr", is written above the typed name.

William P. Barr
Attorney General



ACTION MEMORANDUM

ATTORNEY GENERAL/DEPUTY ATTORNEY GENERAL

Subject Letter accepting invitation to participate in the full Working Group in Rome for December 2nd or 3rd

Date

October 6, 1992

TO:
The Attorney General

FROM: Drew C. Arena
Director, OIP

Summary: Unavailable to make Subgroup meeting in November, but
would like to meet in December for full Working Group
meeting

Action Required: Signature - Please return to Mr. Arena's office
so that letter can be sent by express mail

Due Date/Action
Forcing Event:

DOJ Coordination: Division/Component and Views (attach comments if other than concurrence)

Letter coordinated with the Criminal Division/Office of

International Affairs

Concurrences:

	DAG	OLC	OPD	OLA	PAO	JMD
Initials	<i>[Signature]</i>					
Date	10/19/92					

External Coordination: Agency and Views (attach comments if other than concurrence).

None

Contact Point for

Additional Information: Drew C. Arena (4 8672)



Office of the Attorney General
Washington, D. C. 20530

The Honorable Nicola Mancino
Minister of the Interior
Palazzo del Viminale
Rome, Italy

Dear Minister Mancino:

Thank you for your letter of September 3, 1992, concerning the Italian-American Working Group. I fully agree with your assessment of the very positive contribution of the Working Group to our joint efforts in combatting international crime and I and my colleagues are looking forward to meeting with you in Rome to continue this important work.

Unfortunately, it now appears that I will not be able to come to Rome during the period of the 11th through the 13th of November. However, I would not wish to delay the important work of the Subgroups on Terrorism and on Organized Crime and Narcotics which would be considered by us at a meeting of the full Working Group. Therefore, if it is acceptable to you, I would suggest that the meetings of the Subgroups go forward during the period from the 11th through the 13th of November, and that we schedule the meeting in Rome of the full Working Group for December 2nd or 3rd. I suggest these dates because they follow the meeting of the TREVI group in London, and thus would allow me to attend both meetings in the course of a single trip away from the United States.

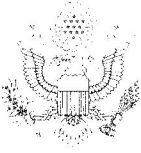
My representative in Rome, Mr. Michael DeFeo, is available to discuss with your staff my suggestion and any alternative proposal you may have concerning the dates for our meetings, so that we might reach mutual agreement on this matter as soon as possible.

I am very pleased that I will soon have the opportunity to meet with you. The level of cooperation between our countries in combatting international crime, most recently illustrated in our excellent work together in operation "Green Ice," is exemplary,

and I am certain that in meeting together we will strengthen not only our collaborative efforts in law enforcement but also the bonds of friendship that have for so long characterized the relationship between our countries.

Sincerely,

William P. Barr
Attorney General



Embassy of the United States of America

'92 SEP 18 11:45

RECEIVED

8 September 1992

MEMORANDUM - VIA TELEFAX

TO: George Proctor, Director
Office of International Affairs
Criminal Division
U.S. Department of Justice

FROM: Michael DeFeo
Senior Counsel for International Law Enforcement
U.S. Department of Justice
U.S. Embassy, Rome

SUBJECT: Italian-American Working Group Meeting Dates

Attached for the Attorney General is the original invitation from the Italian Minister of Interior to hold the Committee and Subcommittee meetings from November 11-13. FBI Legal Attache Mangiacotti told me he suggested the dates at the direction of Director Sessions, who was told by the Attorney General that he would try to attend. This message is being sent by FAX and the original will follow by mail. Please make appropriate distribution to Mr. Richard and Mr. Arena.

cc: IAWG Nov 1992 File



Embassy of the United States of America

(translation from Italian)

Ministry of Interior
N. 1066/1/1/3-1567/4

September 3, 1992

Dear Colleague;

the existing bilateral cooperation between our countries to fight terrorism, organized crime and drug trafficking has undoubtedly been successful, especially in the meetings of the Italian-American Working Group.

On these occasions appropriate initiatives were taken to render more incisive and useful our working relations. We hope that our next sessions of the Subcommittee and Committee will have the same result.

Regarding possible dates for the following meetings of the Italian-American Working Group, which will be held in Rome, I agree with tentative dates of November 11-13, 1992 in the absence of any unforeseen circumstances.

We are awaiting a reply from you.

Sincerely,

NICOLA MANCINO
(signed)

Mr. William P. BARR
Attorney General
Of the United States of
America
Washington - D.C. (USA)



Il Ministro dell'Interno

Roma, 21.11.1977

N.1066/1/1/3-1567/4

Caro Collega,

L'esistente collaborazione bilaterale tra i nostri Paesi nella lotta contro il terrorismo, la criminalità organizzata ed il traffico di stupefacenti ha, indubbiamente, consentito il conseguimento di importanti successi nella comune attività di contrasto, circostanza confermata dall'esito dei lavori delle ultime riunioni del Comitato di cooperazione.

In quelle occasioni sono state individuate opportune iniziative per rendere più incisiva e proficua la nostra azione ed è pertanto lecito auspicare che le prossime sessioni dei Sottocomitati e del Comitato si concludano con analoghi risultati.

Circa le date di svolgimento delle cennate riunioni, che si terranno a Roma, concordo, ove non dovessero sopraggiungere nuove circostanze, con il periodo proposto dall'11 al 13 novembre p.v..

Nel rimanere in attesa di una Sua cortese risposta, Le invio cordiali saluti.

Nicola MANCINO

Mr. William P. BARR
Attorney General
degli Stati Uniti d'America

WASHINGTON - D.C. (USA)

WORKING GROUPS 1992
Job Training 2000 Working Group

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: HUBBARD, ALLAN B. AND LEFKOWITZ, JAY P., WHITE HOUSE
To: DPC AND COUNCIL ON COMPETITIVENESS (AG.) ODD: 01-15-92
Date Received: 01-13-92 Date Due: 01-15-92 Control #: X92011300511
Subject & Date
01-13-92 MEMO ENCLOSING A FINAL DRAFT OF THE
JOB TRAINING 2000 WORKING GROUP PAPER FOR REVIEW AND
APPROVAL. REQUESTS ANY COMMENTS BE MADE BY COB WEDNESDAY,
JANUARY 15, 1992.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;MYERS	01-13-92	(5)			W/IN:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1
	INTERIM BY:			DATE:		OPR:
	Sig. For: OAG			Date Released: 03-16-92		MAU

Remarks

INFO CC: OAG, DAG, ATR.

(1) FOR APPROPRIATE HANDLING. ADVISE EXEC. SEC. OF
ACTION TAKEN.

03-16-92: PER OAG/LEVIN CLOSE OUT. (HBR)

Other Remarks:

OLA CONTACT:

JRH 01-14-92

FILE: WORKING GROUPS/JOB TRAINING 2000 WORKING GROUP

CROSS REFERENCES:

1. COUNCILS/Domestic Policy Council
2. COUNCILS/President's Council on Competitiveness
3. WHITE HOUSE CORRESPONDENCE/General

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

13 JANUARY 92

THE WHITE HOUSE
WASHINGTON

January 13, 1992

RECEIVED
DEPARTMENT OF JUSTICE

'92 JAN 13 P4:37

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL AND
THE COUNCIL ON COMPETITIVENESS EXECUTIVE SECRETARIAT

FROM: ALLAN B. HUBBARD *BA*
DIRECTOR OF THE COUNCIL ON COMPETITIVENESS
JAY P. LEFKOWITZ *JPL*
DEPUTY EXECUTIVE SECRETARY TO THE
DOMESTIC POLICY COUNCIL

SUBJECT: JOB TRAINING 2000

In lieu of a meeting, a final draft of the Job Training 2000 Working Group paper is enclosed for your personal review and approval.

Please direct any comments to Bill Burrow in room 205 of the OEOB by COB, Wednesday, January 15, 1992. Bill can be reached at (202) 456-6222. His FAX number is (202) 456-6216.

Attachment

Job Training 2000

To compete successfully in the global marketplace, America needs to increase the flexibility and improve the skills of its workforce. To do this, the country needs a world-class job training system. The private sector has primary responsibility for job training, investing more than \$30 billion annually in vocational job training. These investments by individuals and businesses serve an estimated 14.5 million persons who trained to qualify for their jobs and 18 million who upgraded their skills. The public sector does, however, play an important supporting role.

The current Federal job training and vocational education system is a confusing maze of more than 60 programs administered by seven Federal agencies at a cost of \$18 billion a year. These programs serve an estimated 10 - 20 million individuals. Services are fragmented and duplicative; administration is inefficient; and accountability is inadequate. Further, the system does not reflect the current or future demands of the marketplace, nor does it sufficiently support the private sector's efforts to address the needs of:

- new labor force entrants who need basic education and job training;
- individuals who currently rely on public assistance; and
- displaced workers who seek jobs and placement assistance.

Last April, the Vice President and the Attorney General asked Secretary Lynn Martin to chair a joint Council on Competitiveness and Domestic Policy Council Job Training 2000 Working Group. The Group was charged with formulating a blueprint for using market-based approaches to improve the Federal job-training system. The Working Group has developed a proposal based on four primary objectives:

- simplifying and better coordinating program services;
- encouraging greater and more effective private sector involvement;
- decentralizing decision making and creating a flexible delivery structure that reflects local labor market conditions; and
- ensuring high standards of accountability and incentives for quality services.

The Job Training 2000 initiative consists of three major elements:

- reforming vocational training;
- facilitating the transition from welfare-to-work; and
- facilitating the transition from school-to-work.

I. Reforming Vocational Training

DOL, DOEd, USDA, HHS will create a comprehensive and unified Federal job training system building upon the current Private Industry Councils (PICs). This proposal will expand the role of the Private Industry Councils, subject them to performance standards, and provide them with incentive grants (of 20 percent of current funding levels).

- A. Redirect Federal funding for programs of the state operated Employment Service offices to Skills Centers run by the PICs, which will function as the primary point of entry into the Federally funded job training and vocational education programs.
 - The Skills Centers will provide skills assessment and testing, referral services, labor market information, job placement assistance and counseling concerning post-secondary vocational education programs.
- B. DOL and DOEd expand PICs to be the single administrative body to coordinate and supervise local area job training and post-secondary vocational education programs.

The PICs will:

- Manage the Skills Centers -- either directly, or indirectly by contracting with local colleges or community-based organizations.
- Certify, in conjunction with state agencies, all local area vocational education and job training programs.
- Coordinate the local delivery of \$10 billion in services currently provided under: JTPA, Perkins post-secondary vocational training, Adult Education Act, Food Stamps employment and training, and Employment Services.
 - Federal program management would remain within existing departments.

- The EDWAA, JOBS and Veterans training programs would retain their existing, separate structures, but could not fund programs that were not PIC-certified.
- Pell grants, Supplemental Education Opportunity Grants (SEOG) and Guaranteed Student Loans (GSLs) may or may not fall under the PIC structure, depending on the institution and courses selected. In general, vocational and community college training courses would fall under the PIC structure.
- Commit JTPA and Vocational Education Funding to training vouchers for certified public or private post-secondary training programs.
 - Recipients would remain subject to the eligibility criteria of the individual programs (e.g., GSLs).
 - Vouchers would cover up to, but not exceed, 90 percent of the cost of the training services provided.
 - At least 20 percent of the voucher would be withheld until the trainee has successfully completed the program, and has held a job for which he or she was trained for at least 90 days.
- Permit contracting for direct services where there are insufficient training facilities (e.g., sparsely populated areas), and where existing training programs are unable to serve effectively the extremely disadvantaged.
- C. The Department of Education will develop "smart" credit cards that could provide an alternative means of notifying all individuals of their eligibility to receive aid from any program for which they are eligible. The card could include information on program eligibility, available financial assistance and receipts, loan balances, education and training records, and recent employment history. This technology would help coordinate benefits across programs, improve administrative efficiency, and additionally serve as a symbol of access to greater education and training opportunities.

Directions for the Future

- The Administration will work to consolidate all job training, employment services and post-secondary educational programs into a single basic program. This coordinated program would provide information services, support services, basic skills instruction and job training for low-income youth and adults, including welfare clients and those eligible for Federal student aid for vocational training.

II. Facilitating the Transition from Welfare-to-Work

Provide \$25 million in federal money to fund demonstration private sector welfare-to-work projects.

The demonstration projects will allow states to use private and non-profit firms to provide basic training and job placement for welfare recipients. These firms would function in a similar manner to a temporary employment agency, but would not receive payment for their services until after the worker has been permanently placed and held a job for some period of time.

- These demonstration projects would allow states to use Federal funds to pay for programs similar to one that has been successful in some states. This change would be budget neutral.
- The selection of participants would be based on rigorous guidelines to facilitate the targeting of welfare recipients.
- The participating welfare recipient would receive anywhere from three to eight weeks of training in basic job/office skills, all at no cost to the trainee. During this time, recipients would continue receiving public assistance.
- The worker would then be placed in a job on a four month trial basis.
 - The employer pays the firm an amount equal to the market wage for that position. In return, the firm pays FICA, worker's compensation, medical and fringe benefits, as well the minimum wage to the employee.
 - The value of the worker's public assistance would gradually decrease according to established guidelines.
 - The firm would provide various support services and counseling, such as assistance in finding child care, on a regular basis.
 - The employer may decide at any time to terminate the employment agreement.
- At the end of the trial period, the employer may choose to hire the worker outright. If so, the state would pay the firm some portion of the funds (perhaps 75%) that the state saves by having the individual off the welfare rolls and paying taxes. If the worker is not hired, the firm receives nothing.

- The state payment should be performance based, where the firm would receive two-thirds of their payment when the worker is permanently hired and the other third after the employee has held the job for six months.

III. Facilitating the Transition from School-to-Work

A. Using voluntary world-class skill standards.

In the AMERICA 2000 education strategy, the President has charged the Secretaries of Labor and Education to work with business and labor to encourage private sector development of core proficiencies and standards concerning what employees should know and should be able to do in different occupational areas.

- This effort builds on the work of the Department of Labor's Commission on Work-Based Learning and the Secretary's Commission on Achieving Necessary Skills.
- The process would build on and benefit from the work of the Departments of Labor and Defense and other related research.
- The Departments of Labor and Education will work with the business, labor, and education communities to develop voluntary non-governmental "skill certificates" tied to the standards.
- The PICs will use the standards in evaluating federally funded job training programs.

B. Enable local school systems to create structured youth apprenticeship training programs.

- The Department of Labor will propose amendments to waive the Fair Labor Standards Act where an employer, school, and student reach agreement on youth apprenticeship. That agreement would include academic, training, and work-site learning and experience-standards, which would culminate in skill certification with opportunities for employment and further education and training.
- The youth apprenticeship program would potentially be available to all high school-aged youth beginning in either the 11th or 12th grades--approximately [15] million students. The program could continue through post-secondary levels.
- Upon the establishment of a youth apprenticeship program in a school, students would be provided with career information

beginning in the 9th or 10th grade so that at the end of the 10th or 11th grades, they could choose whether to participate in the apprenticeship program.

- Those students choosing apprenticeships would make formal agreements with the school, employer and parent or guardian for a structured combination of academic instruction, classroom training, paid on-the-job training and work experience, and mentoring.
 - Students would be held to high academic standards that would allow entry to a full academic program at any time.
 - Successful apprentices would receive a high school diploma or associate degree, a certificate attesting to their skill competencies and qualifications, and employment.
- PICs would certify each employer's training and work experience programs that meet the requirements of the Act. The PIC will monitor the program's operation to ensure that high academic and job skill standards are being met.

40

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: HILL, J. FRENCH, POLICY COORDINATING GROUP, WHITE HOUSE
To: AG. ODD: 07-06-92
Date Received: 07-01-92 Date Due: 07-06-92 Control #: X92070109977
Subject & Date

06-30-92 MEMO ATTACHING A MEMO DATED JUNE 25, 1992, FROM CLAYTON YEUTTER, CHAIRMAN PRO TEMPORE, POLICY COORDINATING GROUP, WHICH CREATES A WETLANDS WORKING GROUP, TO BE CHAIRED BY THE SPECIAL ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT (ENERGY AND NATURAL RESOURCES). THIS WORKING GROUP WILL OVERSEE THE IMPLEMENTATION OF THE PRESIDENT'S COMPREHENSIVE WETLANDS PLAN. REQUESTS THE NAME OF DOJ'S REPRESENTATIVE BY COB MONDAY, JULY 6, 1992. ADVISES **

Referred To:	Date:	Referred To:	Date:	
(1) OAG;	07-01-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1
INTERIM BY:		DATE:		OPR:
Sig. For: OAG		Date Released: 07-10-92		CYN

C/o 30 June 92

Remarks

** THAT WORKING GROUP MEMBERS SHOULD BE AT THE ASSISTANT SECRETARY-LEVEL OR ABOVE AND AUTHORIZED TO SPEAK FOR THEIR RESPECTIVE AGENCY.

INFO CC: DAG, ASG, ENR, OPC/OPD.

(1) TO OAG FOR ACTION. ADVISE EXEC. SEC. OF ACTION TAKEN.
07-10-92: PER OAG/LEVIN, HANDLED BY PHONE - DESIGNATED

Other Remarks:

ACTING AAG/ENR CLEGG. (HBR)

OLA CONTACT:

JRH 7/2/92

FILE: WORKING GROUPS/WETLANDS WORKING GROUP

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY


THE WHITE HOUSE

WASHINGTON

June 30, 1992

'92 JUL -1 AM MB

MEMORANDUM FOR DISTRIBUTION

FROM: J. French Hill 
Executive Secretary
Policy Coordinating Group

SUBJECT: The Creation of the Wetlands Working Group

The attached charter establishes within the Policy Coordinating Group the Wetlands Working Group, to be chaired by Teresa Gorman, Special Assistant to the President for Policy Development (Energy and Natural Resources). This Working Group will oversee the implementation of the President's comprehensive wetlands plan.

Working Group members should be at the Assistant Secretary-level or above and authorized to speak for their respective agencies. Please furnish the name of your representative by COB Monday, July 6 to Teresa Gorman (456-6554).

THE WHITE HOUSE

WASHINGTON

June 25, 1992

MEMORANDUM FOR THE VICE PRESIDENT
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE CHIEF OF STAFF
THE ADMINISTRATOR, ENVIRONMENTAL PROTECTION
AGENCY
THE COUNSEL TO THE PRESIDENT
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE CHAIRMAN, COUNCIL ON ENVIRONMENTAL QUALITY
THE COUNSEL TO THE PRESIDENT
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC AND
DOMESTIC POLICY
THE ASSISTANT TO THE PRESIDENT FOR SCIENCE AND
TECHNOLOGY POLICY

SUBJECT: THE CREATION OF THE WETLANDS WORKING GROUP

Pursuant to the President's memorandum of February 24, 1992, establishing a Policy Coordinating Group (PCG), this memorandum creates the Wetlands Working Group. The Working Group will continue work to oversee the implementation of the President's comprehensive wetlands plan and resolve, as necessary, implementation disputes.

The working group is charged with:

- Overseeing the development of a number of reforms to ensure more timely regulatory decisions on wetland permit applications and effective coordination among agencies;
- Defining a limited number of major wetland categories based on function, value and the relative scarcity or abundance of different wetlands;
- Developing and refining interagency guidance on the operation of a market-oriented mitigation banking system based on the wetland categories defined; and


- Overseeing and reviewing the work of interagency technical committees that are developing proposals on wetlands inventory and mapping, research, and restoration and creation.

The Working Group will be chaired by the Special Assistant to the President for Policy Development (Energy and National Resources). The members of the Working Group will include representatives of the Office of the Vice President, Departments of Agriculture, Commerce, Defense, Energy, Housing and Urban Development, Interior, Justice, and Transportation, the Environmental Protection Agency, Office of Management and Budget, Council of Economic Advisers, Council on Environmental Quality and Office of Science and Technology Policy. Where issues require participation by other agencies, those agencies will be included.

The Working Group should finalize its work on submitting actual proposals for wetland permit reforms by November, 1992; on defining wetland categories by January, 1993; on developing guidance for mitigation banking by January, 1993; and on overseeing and reviewing the work of interagency technical committees by September, 1992. The Working Group will continue to meet periodically to monitor progress on implementing the President's plan, and to resolve disputes as they arise.



Clayton Yeutter
Chairman Pro Tempore
Policy Coordinating Group



The Honorable William Barr
Attorney General
Department of Justice
Room 5114
10th and Constitution Avenue, N.W.
Washington, D.C. 20530

WORKING GROUPS 1992
For an Alternative Drug Strategy

Screened by NARA (RD-F)
01-31-2019 FOIA # 60048
(URTS 16449) DOCID: 70106586

NARA-18-1003-A-005526

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: LUBINSKI, CHRISTINE & WEBER, ELLEN, WASHINGTON, DC
To: AG. ODD: 08-07-92
Date Received: 07-23-92 Date Due: 08-12-92 Control #: X92072411127
Subject & Date

07-20-92 LETTER, ON BEHALF OF THE WORKING GROUP FOR AN
ALTERNATIVE DRUG STRATEGY, ADVISING THAT SIXTY MAJOR
NATIONAL ORGANIZATIONS HAVE JOINED TOGETHER TO PROPOSE AN
EFFECTIVE ALTERNATIVE DRUG STRATEGY THEY ENCOURAGE THE AG
TO EMBRACE. ENCLOSURES A COPY OF "THE WAR ON DRUGS--FAILURE
AND FANTASY" AND A LIST OF LABOR, EDUCATION, HEALTH, LEGAL
RELIGIOUS AND WOMEN'S GROUPS THAT ARE CHALLENGING THE
PRIORITIES OF THE SIX-YEAR-OLD "WAR ON DRUGS".

Referred To:	Date:	Referred To:	Date:	
(1) DEA;BONNER	07-24-92	(5)		W/IN:
(2) OPC;MCNULTY	07-29-92	(6)		
(3)		(7)		PRTY:
(4)		(8)		1Z
INTERIM BY:		DATE:		OPR:
Sig. For: OPC		Date Released: 08-19-92		MAU

Remarks

INFO CC: OAG, DAG, ODAG (HAGEROTT), OJP.
(1) RETURN CONTROL SHEET WITH COPY OF SIGNED AND DATED
RESPONSE TO EXEC. SEC., ROOM 4400-AA.
(2) PER MEMO FROM DEA/FITZGERALD, REFERRED TO OPC/OPD
FOR RESPONSE. RETURN CONTROL SHEET WITH A COPY OF SIGNED
AND DATED RESPONSE TO EXEC. SEC., ROOM 4400-AA. (MAU)
08-19-92 OPC MCNULTY REPLIED BY LETTER DATED 08-17-92. (TJ)

Other Remarks:

OLA CONTACT:

INFO CY TO AML 7/27/92
FILE: WORKING GROUPS/FOR AN ALTERNATIVE DRUG STRATEGY

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

o/o
20
July 92



U.S. Department of Justice

Office of Policy and Communications

Office of the Director

Washington, D.C. 20530

August 17, 1992

Ms. Ellen Weber
Legislative Counsel
Legal Action Center
236 Massachusetts Avenue, N.E.
Suite 510
Washington, D.C. 20002

Ms. Christine Lubinski
Director for Public Policy
National Council on Alcoholism
and Drug Dependence, Inc.
1511 K Street, N.W.
Suite 926
Washington, D.C. 20005

Dear Ms. Lubinski and Ms. Weber:

Thank you for your letter of July 20 and your ideas for an "alternative" drug control strategy. A number of your suggestions have already been incorporated in the Administration's National Drug Control Strategy.

For example, your claim that alcohol has been excluded from the Strategy is not accurate. While controlled substances such as heroin and cocaine remain the primary focus, the 1992 Strategy explicitly addresses the problems of alcohol abuse, especially by underage individuals, and the nexus between alcohol abuse and the use of controlled substances. It is also not the case that casual drug users have been targeted at the expense of those addicted to drugs. In fact, the Strategy targets the entire spectrum of illegal drug use. The fact that such illegal use has diminished more rapidly among casual users is not because of any undue emphasis, but because such persons can stop their unlawful conduct more quickly and easily, and because they are often more responsive to education and prevention messages than are hard-core addicts.

This Administration has devoted tremendous resources to attack the admittedly more intractable problems of addicts, particularly through targeted categorical and demonstration grants such as the Capacity Expansion Program, Drug Emergency Grants, and Community Partnerships that are predicated on actual indicators of the need for education, prevention and treatment services. If the President's proposed budget for FY 93 is fully funded, programs targeting at-risk groups and hard-core drug users will have more than quadrupled from \$339 million in 1989 to \$1.3 billion in 1993.

Unfortunately, Congress has not always supported the Administration's requests for increased treatment resources. In 1990, Congress cut the President's requested increase for treatment grants to States by two-thirds, and would have reduced it further except for vociferous protests from the Administration. In 1991, the President requested \$99 million to fund the Drug Treatment

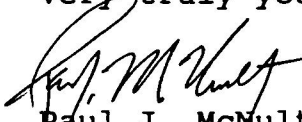
Capacity Expansion Program, which was designed to supplement funds received by the States from the Alcohol, Drug Abuse and Mental Health Services block grant in order to rapidly expand treatment resources to the areas of greatest need. Regrettably, Congress appropriated less than ten percent of the requested amount. The Administration has requested another \$86 million for the program in FY 93.

While the total anti-drug budget continues to be weighted in favor of supply reduction activities, a sharp supply/demand distinction (required by the Anti-Drug Abuse Act of 1988) is misleading in a number of respects. First, effective law enforcement has an inherent drug prevention component. For example, arresting and punishing a juvenile for illegal drug use or trafficking sends a message to his peers that such behavior will not be tolerated. In addition, supply reduction activities are often more capital intensive than activities aimed at reducing demand. Moreover, certain supply reduction activities (such as international and interdiction programs) are intrinsically Federal responsibilities, whereas most demand reduction efforts can and should be shared at the State, local and community level.

The President's "Weed and Seed" initiative, now funded in twenty demonstration sites around the country, exemplifies the close connection between supply and demand reduction activities. The social and economic development which you support (as does the Administration), and which is the desired result of the "Seed" programs, can not take place until public order and public safety are restored in these sites. But to explain the drug problem by pointing to social conditions and other alleged "root causes" victimizes the vast majority of those who live in similar circumstances and choose not to use drugs, as it rationalizes the behavior of drug users.

I am pleased that you and the many groups endorsing your proposals continue to focus on this vital social problem. It is only through such concerted efforts that we will succeed in overcoming it.

Very truly yours,


Paul J. McNulty
Director


Memorandum



Subject DOJ Executive Secretariat
X92072411127

Date JULY 29, 1992

To Mr. Robert M. Yahn, Director
Executive Secretariat

From 
Paul E. Fitzgerald
Chief, Communication
Services Staff

The attached Executive Secretariat, X92072411127, was referred to the Drug Enforcement Administration because of drugs as a factor.

In accordance with discussions conducted July 28, 1992, the document is being returned to you. The letter addresses issues beyond DEA's operational responsibilities. It is suggested that perhaps this matter could best be addressed by the Office of Policy Development of the Department of Justice, and for the signature of the Attorney General.

Attachment

WORKING GROUP FOR AN ALTERNATIVE DRUG STRATEGY

Ellen Weber
Legislative Counsel
Legal Action Center
236 Massachusetts Ave., NE
Suite 510
Washington, DC 20002
202/544-5478

July 20, 1992

Christine Lubinski
Director for Public Policy
National Council on Alcoholism
and Drug Dependence, Inc.
1511 K St., NW - Suite 926
Washington, DC 20005
202/737-8122

The Honorable William Barr
Department of Justice
Constitution Ave. & 10th St., NW
Washington, DC 20530

Dear Attorney General Barr:

Sixty major national organizations have joined together to propose an effective alternative drug strategy that we urge you to embrace. We have enclosed a copy of "The War on Drugs--Failure and Fantasy" and a list of labor, education, health, legal religious and women's groups that are challenging the priorities of the six year old "War on Drugs".


What progress has been made in the efforts to reduce crime, the demand for drugs or to stem the transmission of HIV infection related to drug use? Addicts and alcoholics have found little help despite the \$35 billion that has been spent. The alternative strategy would shift the focus of the "War on Drugs" by making prevention and treatment equal partners with interdiction and law enforcement. Our plan also calls on policymakers to ameliorate the economic and social factors that lead to drug addiction.

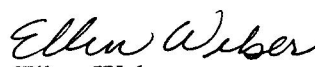
We also challenge members of Congress, Administration officials and candidates for public office to examine the health and social consequences of alcohol use, which is responsible for more deaths, family disruption and health care costs than all other drugs combined.

Only by addressing alcohol and other drug problems as public health issues can we create a nation that is truly healthy and safe. We can promote a health environment by making sure that alcoholism and drug treatment are available for all those who ask for help and that all American families have jobs, quality health care and safe housing.

The drug crisis has taken a back seat to other issues during this election year even though alcohol and other drugs continue to impact millions of lives and contribute to the decline of our cities. We encourage you to use this strategy to refocus attention on this pressing problem. If you have any questions or would like additional information, please do not hesitate to contact us.

Sincerely,


Christine Lubinski
National Council on Alcoholism
and Drug Dependence


Ellen Weber
Legal Action Center

EXECUTIVE SECRETARIAT

93 JUL 23 P3:31

ALTERNATIVE DRUG STRATEGY NATIONAL ORGANIZATION ENDORSEMENTS

AIDS Action Council
ACORN
Alcohol and Drug Problems Association
American Academy of Family Physicians
American Academy of Pediatrics
American Association of Critical-Care Nurses
American Association for Marriage
and Family Therapy
American Association of University Affiliated
Programs for Persons with Developmental
Disabilities
American College of Nurse Midwives
American College of Preventive Medicine
American Council on Alcohol Problems
American Federation of State, County and
Municipal Employees (AFSCME, AFL-CIO)
American Foundation for AIDS Research
American Hospital Association
American Medical Students Association
American Methadone Treatment Association
American Nurses Association
American Public Health Association
American Society of Addiction Medicine
Association of Family and Conciliation Courts
Association of Schools of Public Health
Catholic Charities USA
Center for Science in the Public Interest
Child Welfare League of America
Children of Alcoholics Foundation
Christian Civic Foundation
Clergy for Enlightened Drug Policy
Citizens United for Rehabilitation of Errants
Latino Council on Alcohol and Tobacco
Legal Action Center
March of Dimes
The Marin Institute for the Prevention of
Alcohol and Other Drug Problems

NAACOG: The Organization for Obstetric,
Gynecologic, and Neonatal Nurses
National Association of Addiction Treatment
Providers
National Association for Public Health Policy
National Association of Alcoholism and
Drug Abuse Counselors
National Association of Children of Alcoholics
National Association of Criminal Defense
Lawyers
National Association of Public Hospitals
National Association of State Boards of
Education
National Citizens Communications Lobby
National Coalition of State Alcohol and Drug
Treatment and Prevention Associations
The National Consortium of TASC Programs
National Council of Community Mental Health
Centers
National Council on Alcoholism and Drug
Dependence
National Health Care for the Homeless
National Organization on Fetal Alcohol
Syndrome
National Perinatal Association
National PTA
National Women's Health Network
National Women's Law Center
Scott Newman Center
A. Philip Randolph Institute
Retail Wholesale, Department Store Union
Service Employees International Union
Society of Americans for Recovery
Therapeutic Communities of America
United Methodist Church, Standing
Committee on Alcohol and Other Drugs
Women's Legal Defense Fund
World Woman's Christian Temperance Union

THE WAR ON DRUGS

Failure and Fantasy

An Alternative Drug Strategy

June 1992

THE WAR ON DRUGS

Failure and Fantasy

What Has The \$35 Billion Investment Bought?

Drug addiction and alcoholism are illnesses and complex public health problems that affect all Americans. They create family and community crises with far-reaching consequences and cost our society over \$140 billion in a single year.¹

The federal government launched its most recent "war on drugs" in 1986 with the battle cry that illegal drug use is morally wrong and unacceptable and that users must be punished. Under Federal direction, many employers have implemented sweeping drug testing programs aimed at identifying and disciplining so-called drug users. Yet, at the same time, the federal strategy has turned its back on working people and families with serious drug and alcohol problems.

The "war" strategy has reduced drug use among casual users. It has led to the incarceration of large numbers of drug addicts, but has done little to reduce crime.² Nor has it reduced the demand for or supply of drugs³ or stemmed the transmission of HIV infection related to drug use.⁴

In addition, the strategy has ignored alcohol, a drug that is responsible for more than 100,000 deaths each year. An alcohol-related family problem strikes one of every four families.⁵ Over 40% of adults -- 76 million Americans -- live or have lived with an alcoholic.⁶

Why The "War On Drugs" Has Failed

1. Drug use is portrayed as a moral failing rather than recognized as a public health problem.
2. Interdiction and law enforcement activities get priority without an equal emphasis on prevention and treatment.
3. Casual drug users have been targeted – not addiction.
4. Alcohol has been excluded from the strategy.

As a result, the nation faces grim statistics:

- Weekly cocaine use rose sharply -- 29% -- in 1991.⁷
- 2 to 3 million individuals need, but can't get, treatment for a drug problem.⁸
- 32% of all AIDS cases are related to IV drug use and 70% of the pediatric AIDS cases are related to maternal exposure to HIV through drug use or sex with a drug user.⁹
- Up to 80% of persons arrested in many of our cities have used drugs within 24 hours prior to arrest.¹⁰ And over 1 million people are incarcerated, twice the population in 1980, an increase largely due to incarceration of non-violent drug addicts.¹¹
- Up to 75% of all federal and state prison and local jail inmates, probationers and parolees need comprehensive drug treatment and aftercare services, but only 1% of federal inmates, 20% of state inmates and less than 10% of jail inmates currently receive services.¹²

What has the \$35 billion investment bought?¹³ Not the promised results.

AN ALTERNATIVE STRATEGY

It's time to challenge the emphasis on drug interdiction and law enforcement activities. It's time to spend our resources wisely to:

1. **Fight drug-related crime by making prevention and treatment equal partners with interdiction and law enforcement.**
2. **Address the economic and social factors that contribute to drug addiction and alcohol problems.**

WHY THE "WAR ON DRUGS" HAS FAILED

Drug Use is Portrayed as a Moral Failing Rather Than Recognized as a Public Health Problem.

Drug use has been portrayed as nothing more than moral weakness that can be controlled by "just saying no." Tougher civil and criminal sanctions await the "weak-willed." This strategy fails to recognize that people with drug and alcohol problems respond to treatment, not punitive measures. Stigmatizing the individual discourages people from seeking help. Moreover, moralistic and punitive policies ignore the factors that contribute to the appeal of drugs -- from promotion of alcohol to youth and heavy drinkers to the violence and despair that pervade life in many communities that lack job opportunities, adequate housing and access to quality health care.

Failure to provide treatment has costly and dangerous consequences. For example:

- Addicted pregnant women, who can't find treatment and don't seek necessary prenatal care for fear of incarceration and loss of their children, give birth to children who may have serious life-long health problems, including AIDS, and may overwhelm the health, foster care and other social service systems.¹⁴
- Employees don't seek treatment for a drug or alcohol problem for fear of losing their job, but instead increase the risk of harming themselves or others, reducing productivity and driving up health care costs.¹⁵
- Drug dependent individuals who can't find treatment continue to use drugs and alcohol, putting themselves and family members at high risk for HIV infection.¹⁶
- Drug addicts serve time in jail rather than receive treatment, which is far less costly, only to return to jail for another drug-related crime shortly after release.¹⁷

These consequences hit the African-American and Hispanic communities hardest, even though their rates of alcohol and other drug use do not generally exceed that of whites.¹⁸ Even though African-American and white pregnant women use illicit drugs at the same rate, African-American women are tested for illicit drug use and reported to authorities for such use ten times more often than white women.¹⁹ One of every four African-American men in the age group 20-29 years is under the control of the criminal justice system, in contrast to one in ten Hispanic males and one in sixteen white males.²⁰ These patterns perpetuate the myth that the majority of people who engage in drug use and crime are African-Americans. At the same time, African-American and Hispanic communities, because of income barriers, have limited access to health care, including treatment for drug addiction and alcoholism.

Interdiction and Law Enforcement Activities Get Priority Without an Equal Emphasis on Prevention and Treatment.

Interdiction and law enforcement efforts are a necessary part of the anti-drug strategy. Legalization of illicit drugs is not the answer. Yet over 70% of the "drug war" resources -- \$25 billion²¹ -- have been invested in interdiction and law enforcement activities since 1986 with no evidence that these initiatives alone can successfully reduce the supply of drugs. Interdiction efforts cannot seize sufficient supplies of drugs to affect market prices.²² The criminal justice system is not equipped to arrest, prosecute and incarcerate even a fraction of individuals who use and sell drugs.²³ And society cannot afford the high cost of warehousing all individuals who engage in drug-related crimes.²⁴

Treatment and prevention activities are effective in reducing criminal behavior, increasing productivity and reducing health care costs associated with drug and alcohol dependence.²⁵ However, these efforts have been grossly underfunded and massive expansion has been viewed as unnecessary by the Administration's strategy.²⁶ This has occurred even in the face of overwhelming numbers of pregnant women and incarcerated

individuals who want, but can't get, treatment and soaring numbers of individuals who get HIV infection as a direct or indirect result of drug use.

Casual Drug Users Have Been Targeted -- Not Addiction.

The nation's drug control strategy has focused on reducing illegal drug use by "casual drug users" rather than addressing the serious problems of the middle class and working poor and the social and economic conditions that contribute to alcohol and drug problems. Drug use among casual users has declined. But the number of people with serious drug problems has grown and HIV infection has spread rampantly among drug users, their partners and children. The demand for drugs has continued because (1) insufficient resources have been devoted to education, prevention and treatment and (2) underlying environmental risk factors -- unemployment, homelessness, limited access to health care and family and community disintegration -- have not been addressed.

Alcohol Has Been Excluded from the Strategy.

The public health consequences of alcohol use are far more costly and devastating than those associated with illegal drug use. As many as 22 million Americans are alcoholic or suffer from alcohol-related problems.²⁷ Alcoholism is a major public health problem among Native Americans. Over 100,000 Americans die each year from liver cirrhosis, vehicle crashes, drowning, alcohol poisoning and other alcohol injuries.²⁸ Alcohol is the leading cause of death for persons under 21, even though it is an illegal drug for this group.²⁹ Fetal Alcohol Syndrome is one of the major preventable causes of birth defects, including mental retardation.³⁰

Clear messages regarding the risks associated with alcohol use have not been included in advertisements and promotions. Alcohol advertising that appeals to youth particularly undermines efforts to prevent alcohol use among this group.

AN ALTERNATIVE STRATEGY

Fight drug-related crime by making prevention and treatment equal partners with interdiction and law enforcement.

- Allocate at least 50% of the federal drug budget to prevention and treatment programs that reach individuals in the workplace, schools, and community. Programs that work with the unemployed, middle class, working poor, homeless, drop-outs and families should be expanded. Transfer funds from supply interdiction efforts that are not cost-effective.
- Use criminal justice funds to provide community-based and prison/jail treatment for all individuals involved in the criminal justice system who need treatment. Establish education, literacy and vocational training programs for addicted offenders, particularly young offenders. Reduce costs by incarcerating individuals who pose a threat to society and sentencing non-violent addicts to less costly intermediate/alternative sentencing programs in the community.
- Use a portion of asset forfeiture funds to support community-based crime control efforts and treatment and prevention activities.
- Expand Federal and state programs to provide necessary and appropriate treatment to drug and alcohol dependent individuals at the time of request. Develop programs that provide family centered care to women, women with children and pregnant women and halt criminal prosecution of alcohol and drug dependent women solely on the basis of drug use during pregnancy.
- Encourage employment-based health care plans and public programs, such as Medicare and Medicaid, to provide reimbursement for comprehensive inpatient, outpatient and residential benefits for drug and alcohol-related conditions.

- Promote government policies and funding to establish in every American workplace a comprehensive employee assistance program that helps individuals with drug and alcohol problems get appropriate treatment.
- Ensure that any workplace drug testing program institutes strict procedures to ensure accurate and confidential testing and an opportunity for treatment before termination.
- Include alcohol in the nation's health promotion strategy and implement specific policies to decrease high risk consumption and alcohol-related health and social problems.
- Require health messages in all alcoholic beverage advertisements regarding the risks of alcohol consumption.

Address the economic and social factors that contribute to drug addiction and alcohol problems.

- Adopt a public policy plan to provide access to affordable quality health care for all Americans.
- Increase government spending to create jobs, adequate and safe housing, better schools and youth programs, and community support systems, particularly in poor and inner-city communities.
- Expand federal funding for research that studies the social, behavioral and cultural factors that influence the use of drugs and alcohol among different groups and evaluates the effectiveness of different prevention, education and treatment efforts.

SOURCES

1. U.S. Department of Health and Human Services, **The Economic Costs of Alcohol and Drug Abuse and Mental Illness: 1985, 1990**, p. 27.
2. Federal Bureau of Investigation, Uniform Crime Reporting, **Crime in the United States: 1990**, August 1991, p. 50; P. Goldstein, "Crack and Homicide in NY City, 1988: A Conceptually Based Event Analysis," **Contemporary Drug Problems**, Vol. 16, 1989, pp. 651-87; U. S. Department of Justice, Bureau of Justice Statistics, "Drugs and Jail Inmates," 1989.
3. United States General Accounting Office, **Drug Control: Status Report on DOD Support to Counternarcotics Activities**, June 1991, p. 36; United States General Accounting Office, **Drug Control: Impact of DOD's Detection and Monitoring on Cocaine Flow**, September 1991, p. 5, 24-26; United States General Accounting Office, **Drug War: Observations on Counternarcotics Aid to Colombia**, September 1991, p. 25-27; United States General Accounting Office, **U.S. Programs in Peru Face Serious Obstacles**, October 1991, p. 20.
4. National Commission on AIDS, **The Twin Epidemics of Substance Use and HIV**, July 1991, Appendices B and C.
5. Gallup Poll, "Alcohol-Related Family Problems Strike One-Fourth of U.S. Homes," April 1987.
6. National Center for Health Statistics, "Exposure to Alcoholism in the Family," 1991.
7. U.S. Department of Health and Human Services, **National Household Survey on Drug Abuse: Population Estimates 1991**, Table 21-A; U.S. Department of Health and Human Services, **National Household Survey on Drug Abuse 1990**, Table 20-A.
8. Institute of Medicine, **Treating Drug Problems**, 1990, p. 231.
9. Centers for Disease Control, **HIV/AIDS Surveillance**, December 1991.
10. National Institute of Justice, "Drug Use Forecasting," November 1991.
11. **ABA Journal**, February 1991; Lipton, Testimony before the House Judiciary Committee, Subcommittee on Criminal Justice, 101st Cong., 2nd Sess., Aug. 15, 1990.

12. United States General Accounting Office, **Drug Treatment: Despite New Strategy, Few Federal Inmates Receive Treatment**, September 1991, p. 5; United States General Accounting Office, **Drug Treatment: State Prisons Face Challenges In Providing Services**, September 1991, p. 1; Bureau of Justice Assistance, **A Report of the Findings of a Survey of the Nation's Jails Regarding Jail Drug Treatment Programs**, May 1990, p. 14.
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DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: YEUTTER, CLAYTON, THE WHITE HOUSE

To: AG.

ODD: NONE

Date Received: 04-17-92 Date Due: NONE

Control #: X92041706049

Subject & Date

04-16-92 MEMO ATTACHING A CHARTER WHICH ESTABLISHES WITHIN THE POLICY COORDINATING GROUP A WORKING GROUP ON COMMERCIAL MARITIME POLICY TO BE CHAIRED BY THE SECRETARY OF TRANSPORTATION TO DEVELOP RECOMMENDATIONS FOR CABINET-LEVEL REVIEW BY MAY 22, 1992. ADVISES THAT SECRETARY CARD WILL CHAIR THE INITIAL MEETING OF THE WORKING GROUP ON WEDNESDAY, APRIL 22, 1992, AT 11:00 P.M. (AS NOTED IN MEMO) IN ROOM 472 OF THE OLD EXECUTIVE OFFICE BUILDING. **

	Referred To:	Date:	Referred To:	Date:
(1)	OAG;	04-17-92	(5)	
(2)			(6)	
(3)			(7)	
(4)			(8)	

W/IN:

PRTY:

1

OPR:

MAU

INTERIM BY:

Sig. For: OAG

DATE:

Date Released:

Remarks

** STATES THAT WORKING GROUP MEMBERS SHOULD BE AT THE ASSISTANT SECRETARY LEVEL OR ABOVE AND AUTHORIZED TO SPEAK FOR THE AG ON THIS IMPORTANT TOPIC. REQUESTS THAT THE NAME OF THE AG'S REPRESENTATIVE BE FURNISHED BY 11:00 A.M. ON MONDAY, APRIL 20, 1992, TO TODD BUCHHOLZ, WHO WILL SERVE AS EXECUTIVE SECRETARY OF THE WORKING GROUP; W/ENCLOSURES. INFO CC: DAG, ASG.

Other Remarks:

(1) TO OAG FOR ACTION.

OLA CONTACT:

JRH 4/20/92

FILE: WORKING GROUPS/ON COMMERCIAL MARITIME POLICY

CROSS REFERENCES:

1. WHITE HOUSE CORRESPONDENCE/General

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

THE WHITE HOUSE

WASHINGTON

April 16, 1992

MEMORANDUM FOR DISTRIBUTION

FROM: CLAYTON YEUTTER 
SUBJECT: Meeting of the Working Group on Commercial
Maritime Policy

The attached charter establishes within the Policy Coordinating Group a Working Group on Commercial Maritime Policy, to be chaired by the Secretary of Transportation. As you can see from the Working Group's charter, this effort will need to move swiftly in order to develop recommendations for Cabinet-level review by May 22.

Secretary Card will chair the initial meeting of the Working Group, which will be held on Wednesday, April 22, 1992 at 11:00 p.m. in Room 472 of the Old Executive Office Building.

Working Group members should be at the Assistant Secretary level or above and authorized to speak for you on this important topic. Please furnish the name of your representative by 11:00 a.m. Monday, April 20 to Todd Buchholz (456-7968), who will serve as executive secretary of the Working Group.

The Department of Transportation has prepared the attached background paper on U.S. maritime policy and programs, which will provide a common core of knowledge for the initial organizational meeting of the Working Group. This paper also outlines basic policy issues that the Working Group may consider in its deliberations. The paper has not been cleared interagency and, therefore, does not reflect any interagency agreement.

Attachments

92 APR 17 14:26

Working Group on Commercial Maritime Policy

Secretary James Baker
Secretary Nicholas Brady
Secretary Richard Cheney
Attorney General Bill Barr
Secretary Edward Madigan
Secretary Barbara Franklin
Secretary Lynn Martin
Secretary Andrew Card
U.S. Trade Representative Carla Hills
Director Richard Darman
Administrator Ronald Roskens
Chief of Staff Samuel Skinner
National Security Advisor Brent Scowcroft
Assistant to the President for Economic
and Domestic Policy Roger Porter
Chairman Michael Boskin
Chairman Colin Powell
Chairman Christopher Koch

THE WHITE HOUSE

WASHINGTON

April 16, 1992

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF TRANSPORTATION
THE UNITED STATES TRADE REPRESENTATIVE
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE ADMINISTRATOR, AGENCY FOR INTERNATIONAL
DEVELOPMENT
THE CHIEF OF STAFF
THE ASSISTANT TO THE PRESIDENT FOR NATIONAL
SECURITY AFFAIRS
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC
AND DOMESTIC POLICY
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE CHAIRMAN, JOINT CHIEFS OF STAFF
THE CHAIRMAN, FEDERAL MARITIME COMMISSION

SUBJECT: Creation of the Working Group on Commercial
Maritime Policy

Pursuant to the President's memorandum of February 24, 1991, establishing the Policy Coordinating Group (PCG), this memorandum creates the Working Group on Commercial Maritime Policy. The Working Group will be the primary channel within the PCG process for developing recommendations on commercial maritime initiatives.


A parallel effort will be conducted within the National Security Council system to define defense-related sealift requirements. The results of this effort will be reported to the Working Group by May 7, 1992.

The Working Group will be chaired by the Secretary of Transportation. Membership will include the addressees of this memorandum. The Working Group will:

- Define the relative roles of the commercial and government-owned fleets to meet the defense-related sealift requirements set forth in the National Security Council findings;
- Identify and evaluate policy measures that can make the U.S.-flag foreign trade commercial fleet more competitive;

- Assess the effectiveness of the economic, safety, and environmental regulatory regimes governing ocean shipping and their relative impacts on competitiveness; and
- Determine whether the U.S. Government is optimally organized to manage maritime-related defense requirements, promotional programs, and economic regulation.

The Working Group should report its findings and recommendations for policy initiatives by May 22, 1992.



Clayton Yeutter
Chairman Pro Tempore
Policy Coordinating Group

**BACKGROUND PAPER ON
U.S. MARITIME POLICY AND PROGRAMS**

for the

**PCG Working Group on
Maritime and Sealift Policy**

April 2, 1992

**BACKGROUND PAPER ON
U.S. MARITIME POLICY AND PROGRAMS**

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MARITIME REFORM

I. INDUSTRY OVERVIEW

A. Why We Need a U.S.-Flag Merchant Marine

The underlying philosophical basis for maintaining a national-flag merchant marine lies in the fact that the United States is, at once, a maritime nation and a world power. The United States has been dependent on oceanborne foreign trade since its founding. Moreover, the oceans serve as the primary supply routes to our armed forces abroad in times of war or national emergency.

U.S. policy toward the merchant marine was set forth in the Merchant Marine Act of 1936 and reiterated in the Shipping Act of 1984. The 1936 Act states that the United States should foster the development of a privately owned merchant marine:

... sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States...[and] capable of serving as a naval and military auxiliary in time of war or national emergency...

The 1984 Act also notes the importance of an "economically sound and efficient United States-flag liner fleet" to national security and states that the United States should aim for:

...establish[ment] of a nondiscriminatory regulatory process... with a minimum of government intervention and regulatory costs... [and] provi[sion for] an efficient and economic transportation system in the ocean commerce of the United States that is, insofar as possible, in harmony with and responsive to, international shipping practices...

The National Sealift Policy, signed by President Bush on October 5, 1989, as National Security Directive 28, states that:

Sealift is essential both to executing this country's forward defense strategy and to maintaining a wartime economy....The United States' national sealift objective is to ensure that sufficient military and civil maritime resources will be available to meet defense deployment, and essential economic requirements in support of our national security strategy.

Operations DESERT SHIELD/DESERT STORM reinforced the strong ties between the commercial transportation industry and the U.S. military establishment. In total, almost 3.5 million short tons of dry cargo and over 6 million tons of petroleum product were delivered through March 10, 1991, the official date of the end of the reinforcement operation. Of the total cargo needed to support allied forces in the Persian Gulf, 95 percent went by sea. Over 80 percent of the dry cargo sealift required for Operations DESERT SHIELD/DESERT STORM was carried on U.S.-flag ships. DOD used not only dedicated vessels, but also U.S.-flag vessels operating in "normal" commercial service.

One of the primary lessons that Operations DESERT SHIELD/DESERT STORM holds for future planning is confirmation that adequate sealift is absolutely essential to project our nation's interests overseas. The operation was a success in part because the United States still possesses a significant maritime capability. This important role was reaffirmed recently with the issuance of DOD's Mobility Requirements Study.

In addition to the national security function of the U.S. fleet, a continued U.S.-flag presence in international trades enhances U.S. economic security. Shippers have expressed concern that, in the absence of a U.S.-flag commercial fleet, foreign-controlled fleets could be used by their governments or corporate affiliates as instruments of protectionism, potentially manipulating rates and services to the disadvantage of U.S. exporters. The openness of U.S. shipping trades combined with the protections in law against such practices help ensure that U.S. shippers have access to competitive ocean shipping services.

B. What it Means to be a U.S.-Flag Operator

Broadly categorized, there are two privately owned and operated U.S.-flag merchant fleets -- the foreign trade fleet and the domestic or Jones Act fleet. In addition, there is the Effective U.S.-Controlled fleet, which is documented under foreign flags but owned by U.S. citizens. U.S. shipyards also play an important role.

1. Operators in Foreign Trade. The foreign trade fleet may be subdivided into liner and bulk cargo operations. A liner operator is a common carrier -- that is, an entity that provides transportation of cargo for compensation on a fixed schedule and at published rates that are the same for all similarly situated shippers. Rates and terms of carriage for liner operators, both foreign and U.S. flag, are subject to oversight by the Federal Maritime Commission. A bulk operator provides transportation of cargo that is loaded and carried in bulk without mark or count, such as grain or oil. Bulk operators compete for business in an economically unregulated market.

A U.S.-flag liner or bulk operator may be subsidized or unsubsidized. Subsidized operators receive direct payments from the government, called operating differential subsidies (ODS), that are designed to compensate them for employing higher paid U.S.-citizen crews and (in some ODS contracts) repairing vessels in higher-cost U.S. shipyards. ODS amounts to about \$3.2 million per subsidized vessel, varying by the types of expenses covered by the contract and size of crew.

2. Operators in Domestic Trade. Domestic trade is defined as the carriage of goods or merchandise by water between two ports or places in the United States. By law -- section 27 of the Merchant Marine Act of 1920 (commonly referred to as the Jones Act) -- the transportation of such cargo is reserved to U.S.-flag, U.S.-built, U.S.-citizen-crewed, and U.S.-owned vessels. The domestic trade can be divided into three segments.

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The first is ocean shipping, which is further divided into coastwise (e.g., up and down the East Coast), intercoastal (e.g., U.S. Gulf Coast to U.S. Atlantic Coast), and domestic offshore or noncontiguous (e.g., U.S. Atlantic Coast to Puerto Rico, U.S. West Coast to Hawaii). The coastwise fleet consists primarily of crude and product tankers. The domestic offshore fleet is composed mainly of general cargo carriers.

The second segment of the domestic trade is Great Lakes shipping. The Great Lakes trade is predominantly made up of iron ore, coal, and limestone shipments. Most of the U.S.-flag vessels plying these waters are physically restricted to the Great Lakes by their size and the small size of the locks.

The final segment is the inland waterways. More cargo is transported on the inland waterways of the United States than in the other two segments combined. Inland waterways cargo is shipped predominantly in bulk, by barge, and includes farm products, petroleum products, coal, nonmetallic minerals, and chemical and allied products.

3. Effective U.S.-Controlled (EUSC) Fleet. These ships are majority-owned by U.S. citizens but are operated under the registries of five foreign nations -- Liberia, Panama, Honduras, the Bahamas, and the Marshall Islands -- and usually crewed by foreign nationals. These countries have agreed not to limit the requisitioning of ships under their flag by the United States in times of national emergency. Many of the vessels in the EUSC fleet are large tankers owned by U.S.-based oil companies. EUSC ships number around 230, but only about 110 are considered useful for military purposes, including 38 liner ships.

4. Relation to Shipyards. Subsidized U.S.-flag operators and domestic trade operators have been bound by statute to domestic shipyards. By law, these operators must have U.S.-built vessels. This requirement has been justified in the past as necessary to guarantee a domestic shipbuilding base. Since 1981 the Construction Differential Subsidy (CDS) program -- which at least partly made up for the higher cost of having to build in domestic shipyards -- has not been funded. Thus constrained, subsidized U.S.-flag operators cannot afford to expand or renew their fleets. This situation has had significant effects on subsidized U.S.-flag operators.

There are 16 shipyards capable of building and repairing oceangoing ships that are 1,000 gross tons or more; an additional 88 shipyards are capable of repairing, but not building, such vessels. About 2,600 other establishments build or repair smaller craft such as tugs and supply boats, ferries, fishing vessels, barges, and pleasure craft.

In 1987, the entire U.S. ship and boat building and repairing industry employed 177,400 people and earned nearly \$13.9 billion in revenues. The major shipyards, which employ about 93,000 people, earned revenue of about \$8 billion, primarily from Navy work.

C. Recent Industry Trends

The number of major U.S.-flag liner operators has decreased significantly since 1970. In that year, there were 18 U.S.-flag liner operators with five or more ships employed in the U.S. foreign trade. Today, there are six: American President Lines, Crowley Maritime, Farrell Lines, Lykes, Sea-Land, and Waterman. In 1970, there were 430 liner vessels in operation. Today, there are about 120. There have been no new contracts for replacement ships since 1981. This downward trend is expected to continue if there are no changes in current maritime laws and regulations. Recently the two dominant U.S.-flag liner operators, American President Lines (APL) and Sea-Land Service, said they will withdraw their vessels from the U.S. flag (referred to as flagging out or de-flagging) starting in 1995 unless the Administration and the Congress enact reforms that eliminate cost penalties associated with operating under the U.S. flag and/or establish new incentives to help U.S. flag vessels compete in international markets.

Although the number of vessels in the U.S. foreign trade fleet has dwindled, vessel size and cargo carrying capacity has increased. Total tonnage carried aboard U.S.-flag ships increased from 11.8 million tons in 1970 to 15.9 million tons in 1990. At the same time, however, even greater increases in total U.S. foreign trade caused the U.S.-flag market share to decrease to 18.6 percent of the U.S. foreign liner trade in 1990 from 27.3 percent in 1980 and 23.5 percent in 1970.

The outlook for the Effective United States Controlled (EUSC) liner fleet is equally bleak. Currently, there are 38 liner vessels in the EUSC fleet. Although this number is significantly greater than the 1970 level of 9 ships, MarAd forecasts that in 1995 there will be fewer than 25 ships. By 2000, the number is expected to drop to fewer than 15 ships. The Tax Reform Act of 1986 repealed a tax deferral provision (Subpart F) that had allowed firms operating U.S.-owned foreign-flag vessels to defer taxes on foreign earnings used to purchase ships. The repeal of the deferral removed a major incentive for reinvestment in vessels in this fleet sector and encouraged a shift to non-U.S. ownership.

Currently, there are five operators involved in domestic liner trades: Matson, Sea-Land, Puerto Rico Maritime Shipping Authority (PRMSA), Totem Ocean Trailer Express (TOTE), and Crowley Maritime. These five operate only 22 ships. The number of major domestic firms has not changed since 1970, and MarAd forecasts predict that at the end of the year 2000, these five companies will remain in operation, barring any relaxation of the Jones Act.

D. Number of Jobs

In response to the significant and simultaneous increases in productivity and decreases in fleet size over the past 30 years, the number of shipboard jobs (or "billets") in the oceangoing

U.S.-flag fleet has declined rapidly. A corresponding drop in the number of seafarers working in the industry has also occurred. In 1960, there were almost 55,000 shipboard billets supporting slightly over 100,000 active seafarers. By 1990, these numbers had dropped to about 10,000 shipboard billets and 27,000 active seafarers.

Given a labor supply that still exceeds the normal requirements for shipboard jobs, there are generally few (if any) problems encountered in crewing ships in peacetime. However, in the rapid tempo of crewing ships in a war or emergency, quite another picture emerges. The reduced pool of trained seafarers means that there could be problems in crewing a large number of ships quickly in a future crisis.

During the Persian Gulf crisis, MarAd experienced delays in filling critical jobs on the older steam-powered Ready Reserve Force ships, and frequently found that the personnel lacked specific experience on vessels of this type. Serious personnel shortages and skill mismatches are likely in a future war or emergency, particularly if vessels in the RRF continue to be of the type that are very old or not routinely found in the commercial fleet. This problem would be ameliorated to the extent that the average age of RRF ships is reduced, or that the vessels critical for early deployment are kept in 4-5 day readiness status with a small cadre crew.

Creation of a merchant marine reserve program could be an additional means of providing needed crews in an emergency. DOT recently proposed this concept, which garnered broad support at DOD; however, it has not cleared the budget process. A reserve could be sized specifically to the manning shortfalls of the reserve sealift fleet. A critical element for establishing a successful merchant marine reserve program would be enactment of reemployment rights for participants in the program, without which their peacetime jobs could be in jeopardy.

E. Recent Operational Developments

1. Intermodalism. The trend toward intermodalism and the emphasis on high quality door-to-door service plays to U.S. container lines' strengths. U.S. firms have led the industry in introducing innovative equipment and systems to provide quality service at competitive rates. Containerships and the multimodal operations that incorporate inland rail connections and sophisticated cargo tracking systems are U.S. innovations. U.S. firms have developed the world's most advanced multimodal distribution systems for containerized cargo. As a result of these developments, ocean shipping has become just one aspect of providing full service international transportation. When looking at the overall cost of providing intermodal service, direct vessel operating costs have declined significantly as a percentage of total costs. Increasingly, however, foreign operators are matching U.S. operators innovation for innovation. The openness of the U.S. domestic land transport market permits foreign operators to establish companies, systems, and arrangements that mirror those of U.S.-flag operators.

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2. "Hub and Spoke" Operations. "Hub and spoke" or line haul and feeder systems are designed to take advantage of a company's intermodal capacities in order to provide regularly scheduled transportation services to more regions of the world. In hub and spoke systems, a shipping company provides regularly scheduled feeder service from a variety of origins, either by train, truck, ship, or a combination of these, to a central foreign port. At the central port, the cargo is loaded on to a line haul ship to another central port, and then on by feeder service to its final destination. As in the airline business, hub and spoke maritime systems place a premium on efficient, well-coordinated operations.

3. Joint Ventures/Consortia. To offset rising costs associated with liner operations, carriers are increasingly resorting to vessel and terminal sharing arrangements. Such arrangements permit companies to spread the expense of costly capital assets while offering expanded marketing opportunities (e.g., through increased sailing frequencies and port coverage). For example, Sea-Land recently entered into a joint trans-Pacific venture with Maersk, a Danish-owned company, which some analysts predict could save \$10 million annually. APL also entered into a similar space sharing arrangement in the Pacific basin with Hong Kong-based OOCL. Other operational developments include cooperative working agreements, joint services, and equipment interchange.

Shipping lines have also sought other types of strategic linkages with foreign transportation companies. For example, in 1989, Sea-Land entered into a series of negotiations with the Soviet authorities aimed at reviving the Trans-Siberian Railroad land-bridge. This sea-rail link between the Far East and Europe is 7,000 miles shorter than any all-water route.

The overall effect of these operational developments has been to expand the activities of traditional maritime transportation companies. Companies like APL and Sea-Land operate trucking and rail transportation components and offer combined U.S.- and foreign-flag service. Diversified transportation operations permit these carriers to spread their costs among a number of different subsidiaries and associated companies and to share costs with other shipping firms.

F. International Competitive Environment

1. Open Access to U.S. Trades. The United States possesses perhaps the most open shipping market in the world. In general, foreign-flag carriers have unrestricted access to U.S. commercial ports and cargo. Under the provisions of U.S. laws, operators of ships in the U.S. international liner trades can join the open liner conferences or, if they choose, serve the U.S. liner trades as independent carriers. Foreign-flag liner operators and their representatives can solicit and transport U.S. foreign trade cargoes on an equal basis with U.S. firms. The accessibility of U.S. commerce to foreign carriers is reflected in the fact that in 1990 more than 80 percent of U.S. oceanborne liner trade was carried by foreign-flag ships.

The United States has sought to minimize government interference in the maritime industry. Efforts to reduce government control of shipping resulted in the reform of liner shipping regulation through the Shipping Act of 1984, as well as continued adherence to the historic commitment to a free-market maritime regime.

By comparison, many foreign governments impose restrictions on the operations of non-national entities. U.S. companies wishing to do business in these countries face statutory as well as practical restrictions on their operations. As a result, U.S. liner operators must vie for cargoes with rival carriers in an open market within the United States, but they are not always able to compete on an equal basis with national carriers in foreign countries. U.S.-flag operators have encountered a spate of such doing-business problems in Japan, Korea, Taiwan, and China. In developing countries, the government approach to competition is cargo reservation.

The United States has employed a number of approaches to combat foreign government and business practices that make it difficult or impossible for U.S.-flag operators to compete. These include several bilateral agreements to afford U.S. operators equal access to cargo, as well as statutes administered by the Federal Maritime Commission (see below) that provide for sanctions against vessels of offending countries.

2. Relative Cost Structures. Maritime capital and operating cost structures vary widely by type of trade and vessel. However, there is general agreement that U.S.-flag vessel operators in the foreign trades incur significantly higher costs for vessel acquisition and vessel operation than their foreign-flag competitors.

Oceangoing vessels generally cost more to build in the United States than in foreign shipyards. The differential has varied significantly over the years and by type of vessel, but has been as high as 55 percent on liner vessels. U.S. shipbuilders assert that they can now produce vessels at prices roughly comparable to those built in Europe (absent any European government subsidies). U.S.-built vessels would still exceed by a significant margin (estimated at least 30 percent) the price of vessels built in Japan and Korea. It is difficult to verify these assertions because of the lack of orders in U.S. yards.

As high quality intermodal service has become more important and prevalent, the vessel operating cost component of liner operations has become less significant. For ODS operators, liners and breakbulk only, total vessel-related expenses averaged about 30 percent of total revenues in 1990; wages accounted for 10 percent; capital costs 8 percent; and fuel costs 7 percent. ODS payments contributed approximately 7 percent of total revenues.

Cargo-related costs (including costs for cargo handling, marketing and solicitation, container acquisition, and terminal and port services) now account for more than 58 per cent of total shipping

revenue dollar for ODS operators. There are probably no major differences in such costs between United States and foreign-flag operators on the same trade routes.

There are significant differences in vessel operating costs for U.S.- and foreign-flag operators, however. For example, in the Pacific trades, for a typical 4,000 TEU container ship with a crew of 21, total wage costs are approximately \$4,200 for foreign-flag vessels compared to \$9,000 to \$10,500 for U.S.-flag operators. Other vessel operating expenses (excluding fuel) average about \$4,500 per day for foreign-flag operations and \$5,900 per day for U.S.- flag operations.

Some of these higher operating costs may be attributable to differing tax treatments afforded U.S. versus foreign-flag operators. The U.S.-flag industry has argued that it is more heavily taxed than its foreign competitors.

In addition, some foreign-flag operators can reduce their costs relative to U.S.-flag operators by taking advantage of overt and hidden supports offered by their home governments. Examples include:

- reductions in or elimination of tax liability for corporations, or, in some cases, seamen;
- shipbuilding subsidies, including direct payments as well as associated financial benefits such as accelerated depreciation and interest subsidies; and
- cargo reservation schemes that restrict access of foreign-flag carriers to cargo.

Moreover, many countries impose restrictions on U.S- and other foreign-flag carrier operations that are intended to benefit national-flag lines. These include:

- financial restrictions such as discriminatory taxes on operations or revenue and restrictions on U.S.-flag carriers' ability to repatriate shipping income;
- operational restrictions including prohibitions or limitations on operation of terminals or other facilities, or the right to be a self-agent;
- limitations on joint ownership or operation of trucking or rail services; and
- commercial restrictions on cargo solicitation and other marketing activities.

The Department has worked closely with the Federal Maritime Commission to combat these types of unfair and discriminatory foreign shipping practices.

3. Aid to Shipyards. Many governments provide subsidies to their shipbuilding industries. These benefits include loss coverage for state-owned shipyards, government equity contributions to shipbuilders, loan guarantees, insurance against increases in production costs, tax allowances, and aid to shipyards for restructuring and modernization of facilities. Government assistance can also take the form of indirect supports, such as payments to shipowners to purchase domestically built vessels.

In 1989, the Shipbuilders Council of America (SCA) filed a petition with the U.S. Trade Representative's office, seeking to eliminate the subsidies provided to shipbuilding and ship repair facilities in West Germany, Japan, South Korea, and Norway. The petition, filed under the section 301 unfair trade practices provisions of the Trade Act of 1974, alleged that the subsidy of foreign competitors "has led to the virtual collapse of the U.S. commercial shipbuilding and repair industry." The SCA withdrew its petition when the U.S. government promised to undertake multilateral negotiations to remedy these practices.

Since 1989, the Organization for Economic Cooperation and Development (OECD) has been conducting negotiations aimed at reducing direct and indirect supports for vessels built in domestic shipyards, including below-market pricing of ships. No agreement has been concluded thus far.

The lack of an international agreement on eliminating shipbuilding subsidies has prompted Congress to consider legislation (H.R. 2056, the "Gibbons bill") that would require vessel owners whose ships were built with foreign subsidies to repay the subsidies or be denied access to U.S. ports. The Administration does not support H.R. 2056 because it would create a special trade remedy solely for ships, penalize shipowners rather than foreign governments and shipyards, and disrupt trade to and from the United States.

II. FEDERAL MARITIME PROGRAMS

A. Maritime Administration

MarAd has broad statutory responsibility to promote the movement of commercial cargoes and to provide the merchant shipping required in time of war or national emergency. While the Department of Defense quantifies the mobilization requirement for sealift, it is MARAD's responsibility to administer the civil programs that contribute to meeting those requirements.

MarAd accomplishes its mission through a variety of assistance/promotional programs for U.S.-flag vessels. These are detailed below.

1. Operating Differential Subsidy (ODS) Program

The cornerstone of the federal government's support for the U.S. maritime industry is the comprehensive Merchant Marine Act of 1936, which authorizes the federal government to pay an operating differential subsidy (ODS) to U.S.-flag vessels used in foreign trade. ODS is designed to cover no more than the differences between U.S. and foreign crew wage costs, and, in some contracts, the differential costs of protection and indemnity insurance, hull and machinery insurance, and maintenance and repairs not compensated by insurance, so that U.S. ships can compete on an equal footing with their lower-cost foreign competitors. Profits are not assured nor are losses compensated.

ODS contracts have a term of 20 years. To qualify for ODS, vessels must be built in the United States, documented under the U.S. flag, and at least 51 percent owned by U.S. citizens. Under ODS contracts, operators provide service on "essential trade routes" as determined by MarAd. The ODS contracts provide not only the specifics with regard to what trade routes and ports a carrier may serve, but also the minimum and maximum sailings each carrier is required or allowed to provide on such routes and be paid the subsidy. Currently, four liner operators and 13 bulk companies hold ODS contracts for 57 liner and 33 bulk ships (see Tables 1 and 2). Total subsidy payments in fiscal year 1991 amounted to \$217.6 million. Ninety percent or more of the subsidy dollar is paid to offset crew payroll differentials.

Since 1981, the Administration has adhered to a policy of "no new ODS contracts." In 1991, the Administration announced that current contracts would be honored, but no new contracts would be entered into as they expire. The final three liner service agreements expire December 31, 1997, and the last contract for bulk service expires in 2001.

The ODS contracts also are bound by a number of restrictions that require Maritime Subsidy Board approval to modify. (The MSB consists of the Maritime Administrator, the Deputy Administrator, and the MarAd Chief Counsel.) All subsidized and non-subsidized U.S.-flag operators have rights under the statute to object to any

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TABLE 1
ODS CONTRACTS FOR LINERS

<u>Operator</u>	<u>Contract Effective Date</u>	<u>Contract Termination Date</u>	<u>Number of Subsidized Ships</u>
APL	1/1/78	12/31/97	23
Farrell	1/1/81	12/31/97	4
Lykes	1/1/79	12/31/97	24
Waterman	11/21/78	12/31/96	4

TABLE 2
ODS CONTRACTS FOR BULK OPERATORS

Operator and Contract No.	ODS Agreements		Number of Subsidized Ships 9/30/90
	Contract Effective Date	Contract Termination Date	
American Maritime Transport, Inc. MA/MSB-129	8-09-73	8-08-93	2
American Maritime Transport, Inc. MA/MSB-166	10-10-74	10-09-94	1
Aquarius Marine Co. MA/MSB-309	10-15-75	10-14-95	1
Asco-Falcon II Shipping Co. MA/MSB-439	5-24-81	5-23-2001	1
Atlas Marine Co. MA/MSB-274	12-30-76	12-29-96	1
Brookville Shipping, Inc. MA/MSB-166(a)	10-10-74	10-09-94	5
Brookville Shipping, Inc. MA/MSB-272	4-14-76	4-13-96	1
Chestnut Shipping Co. MA/MSB-299	12-01-76	11-30-96	5
Equity Carriers I, Inc. MA/MSB-439	5-24-81	5-23-2001	1
Equity Carriers III, Inc. MA/MSB-439	5-24-81	5-23-2001	1
Margate Shipping Co. MA/MSB-134	12-28-73	12-27-93	3
Mormac Marine Transport, Inc. MA/MSB-295	12-10-75	12-09-95	3
Ocean Chemical Carriers, Inc. MA/MSB-442	9-20-81	9-19-2001	1
Ocean Chemical Transport, Inc. MA/MSB-440	3-26-81	3-25-2001	1
Vulcan Carriers, Ltd. MA/MSB-167	4-03-76	4-02-96	6

requested contract modifications. If a protesting carrier makes a case for potential harm to its company, hearings are required to be held, many of which can take 2-4 years to conclude. The major contractual restrictions are:

- vessels built with CDS must remain under the U.S. flag for not less than 25 years (20 years for liquid bulk vessels) or for as long as principal or interest remains to be paid, whichever is longer (section 503);
- vessels built with CDS may not operate in the domestic trades, except for six-month periods if the Secretary determines that such a transfer is necessary (section 506, which also allows for ship calls to be made in Puerto Rico or Hawaii during a foreign voyage);
- additional ODS may not be given for expanded or existing service unless, after a hearing, the MSB finds that current service is inadequate and that the proposed service/subsidy would not give undue advantage to one operator over another (section 605(c));
- ODS operators may not affiliate with a foreign-flag operation that competes with another "essential" U.S.-flag operation unless MarAd grants a waiver (section 804);
- ODS operators may not operate or be affiliated with a domestic shipping service without written permission from MarAd (section 805);
- U.S.-flag operators may not sell, mortgage, lease, charter, or in any other manner transfer a U.S.-documented vessel to a non-citizen without MarAd approval (section 9, Shipping Act, 1916);
- ODS liner operators may not receive full subsidy payment if the percentage of revenue earned from carrying military and "premium rated" civilian preference cargo exceeds 50 percent of total revenues (by regulation at 46 CFR 280, the "double subsidy issue").

2. Construction Differential Subsidy Program

Title V of the Merchant Marine Act of 1936 authorizes the Secretary of Transportation to pay a construction differential subsidy (CDS) to domestic shipyards to aid in the construction of vessels to be used in foreign trades. CDS was intended to offset the higher cost of constructing a vessel in a domestic shipyard compared to the cost of constructing a similar type of vessel in a foreign shipyard.

The amount of CDS could not exceed 50 percent of the cost of constructing, reconstructing, or reconditioning the vessel (excluding the cost of national defense features). In the late 1970s, subsidized operators, who were required by law to build their vessels in domestic shipyards, asserted that the 50 percent

cap was too low. Thus, the U.S.-build requirement, even with CDS, put U.S. subsidized operators at a disadvantage vis-a-vis their foreign competitors.

In 1981, the Reagan Administration decided not to seek authorization and appropriations to fund the CDS program, and it has not been funded since. A major problem caused by the decision not to fund the program has been the aging of the subsidized fleet; U.S. vessel operators have been unable to procure cost-competitive vessels and still be eligible for subsidy.

3. Capital Construction Fund Program

Section 607 of the Merchant Marine Act of 1936 established the Capital Construction Fund (CCF) program, which is intended to assist companies in accumulating the large amounts of capital necessary for replacing vessels. Operators may defer taxes on funds deposited in the CCF and withdraw the money at a later date to build, acquire, or reconstruct vessels built in the United States. Vessels acquired with CCF funds must be built in U.S. shipyards. In recent years the CCF has been used principally to finance vessels built for noncontiguous U.S. domestic trades. Subsidized U.S. operators in foreign trade have not been able to take full advantage of the CCF because the benefits it confers have been insufficient to overcome the cost penalties associated with having to build CCF-aided vessels in U.S. shipyards. (Unqualified withdrawals -- that is, withdrawals for purposes other than those for which the CCF was intended -- are taxed at the highest corporate rate, and the tax is subject to an interest charge. CCF funds not withdrawn after 25 years are taxed as unqualified withdrawals.)

4. Federal Ship Financing Program

The Federal Ship Financing program, authorized by Title XI of the Act, provides that the Secretary may pledge the full faith and credit of the United States to guarantee the principal and interest of private sector corporate bonds issued applicable to the construction in U.S. shipyards of a vessel to be used in the domestic or foreign trade of the United States or to the reconstruction or reconditioning of U.S.-built vessels in U.S. yards. Guarantees may be made on amounts up to 75 percent (by regulation). The private sector provides total project funding; government funds are expended only in the event of default. There has been little activity under Title XI in recent years. A series of defaults depleted the fund for a period of time and resulted in a tightening of qualifying criteria. In addition, the Credit Reform Act requires the Department to obtain appropriations sufficient to cover any possible loss to the government should carriers go into default on their government guaranteed loans.

Of the \$9.5 billion in federal ship financing funds available for maritime projects, \$2.6 billion is obligated. Of this, \$1.7 billion is for Jones act vessels.

The Oil Pollution Act of 1990 (OPA 90) mandated the phased-in use of double-hulled tankers in U.S. waters and expanded carrier liability in the event of an oil spill incident. OPA 90 specifically contemplated that Title XI financing could be used for double-hulled tanker construction. There are signs that OPA 90 will make it more difficult for shipowners to obtain commercial financing for future tanker projects; consequently, the Department can expect to see increasing pressures to use Title XI loan guarantees to assist in this area. Title XI loan guarantees alone are not likely to significantly affect the availability of reasonably priced ship financing.

5. Cargo Preference

The U.S. government is the largest purchaser of ocean shipping services in the world. In procuring these services, however, several statutes require federal agencies to ship a significant portion -- at least one-half and, in some cases, all -- of government-impelled cargo on U.S.-flag vessels. Cargo preference guarantees the availability of cargo to U.S.-flag ships and is often the cornerstone for the financial viability of U.S. operators.

There are three principal laws that specify the requirements:

- o The Cargo Preference Act of 1904, which requires that all items procured for or owned by the military be carried exclusively on U.S.-flag vessels;
- o The Cargo Preference Act of 1954, which requires that at least half of all government-generated cargo and 75 percent of food-aid cargoes be transported on privately owned, U.S.-flag commercial vessels; and
- o Public Resolution 17 of the 73rd Congress, which requires that all cargoes financed by the Export-Import Bank be shipped on U.S.-flag vessels; MarAd may waive the requirement to permit 50 percent of the cargo generated by an individual loan to be shipped by vessels under the flag of the recipient nation.

The principal government agencies that ship cargo subject to the cargo preference laws are the Departments of Defense and Agriculture, the Agency for International Development, and the Export-Import Bank. In addition, shipments of crude oil to the Strategic Petroleum Reserve have a 50 percent U.S.-flag carriage requirement; as a matter of policy, all shipments made by the Defense Security Assistance Agency are carried on U.S.-flag vessels. Overall, preference cargo represents about 11 percent of U.S.-flag liner revenues.

Since 1979, the U.S. government has gradually shifted a substantial portion of foreign aid to cash transfers. Some would argue that this has resulted in a de facto circumvention of cargo preference requirements. In FY 1992, nearly \$2 billion in foreign aid took the form of such cash transfers.

The maritime industry has long been critical of Defense Department shipping service procurement practices for preference cargoes, which are intended solely to obtain the lowest rates for military shippers. The industry argues that, over the long term, "compensatory" rates that allow carriers sufficient revenues to acquire new vessels could assure DOD access to a greater number of dependable commercial vessels in times of national emergency.

For bulk operators, MarAd currently calculates a cost-based rate for the low bidder on all preference tenders. Bids must be at or under the guideline to be accepted. This can result in a situation where the low bidder is rejected for being above the guideline, and the cargo is awarded to a higher bidder whose bid meets his guideline. Limiting the requirement for fair and reasonable rate determination to only those cases where competition is inadequate would allow the market to dictate freight rates for preference cargo in most instances.

6. Investment and Vessel Transfer Restrictions

Current law imposes stiff citizenship tests for ownership of U.S.-flag vessels. To be documented under the U.S. flag, vessels must be "wholly owned" by U.S. citizens; there are associated limits on the members of a partnership or corporate board of directors that may be foreign citizens. To qualify a vessel for maritime promotional programs, such as ODS or Title XI financing, there is an additional requirement that at least 51 percent of stock issued must be owned by U.S. citizens. This requirement applies throughout all corporate organizational tiers.

Currently, vessels built with CDS cannot be flagged out prior to amortization of the subsidy amount. In some cases, if it were permitted, flagging out of CDS vessels prior to full amortization of the subsidy amount could provide an alternative to bankruptcy for cash-starved operators.

Vessels operating in the protected Jones Act trades are subjected to even more stringent ownership restrictions. Current law requires that 75 percent of the interest in these vessels be owned by U.S. citizens, and this requirement extends indefinitely into corporate or partnership ownership.

In addition, current law requires MarAd approval for the sale or transfer of any U.S.-flag vessel from a citizen to a non-citizen. If and when a transfer is approved, the new owner and all subsequent foreign owners must agree to make the ship available to the U.S. government in the event of a national security emergency and must post a bond to assure such availability. This requirement follows the ship from owner to owner, even when sold by one foreign national to another, for its lifetime. This "snap-back" aspect of the law has never been invoked.

7. Cabotage

The cabotage laws govern the marine transportation of passengers and cargoes between two domestic points and restrict such trade to national-flag vessels. The principal U.S. cabotage laws are the Passenger Act of 1886 and the Merchant Marine Act of 1920, commonly referred to as the "Jones Act." MarAd works in cooperation with the U.S. Customs Service to enforce the cabotage requirements. ODS recipients may not operate in the domestic trades without the approval of MarAd.

The United States is not alone in having cabotage laws. Of 54 countries surveyed last year, 48 impose some form of restriction through cabotage laws. However, the United States is one of the few countries that imposes a de jure domestic shipbuilding requirement on carriers engaged in cabotage trade.

8. National Defense Reserve Fleet (NDRF) and Ready Reserve Force (RRF)

The National Defense Reserve Fleet (NDRF) was established under Section 11 of the Merchant Ship Sales Act of 1946 to serve as an inactive reserve that could be activated to meet shipping requirements during national emergencies. NDRF vessels are preserved and maintained by MARAD at James River (Fort Eustis), VA; Beaumont, TX; and Suisun Bay, CA. As of January 31, 1992, the usable NDRF consisted of 210 vessels (including the RRF component), primarily cargo ships, with some tankers, military auxiliaries, and a few miscellaneous types.

Most merchant vessels for the NDRF are now acquired by MarAd in a trade-in process by which newer commercial vessels are exchanged for older NDRF scrap tonnage under section 510(i) of the Merchant Marine Act of 1936. The House has approved a bill to accelerate scrapping that portion of the NDRF that is no longer useful.

The Ready Reserve Force (RRF) was initiated in 1976 as a component of the NDRF to provide assured, responsive shipping to support the rapid worldwide deployment of U.S. military forces. A key element of the Strategic Sealift Program, the RRF is structured for quick-response ship availability to transport Army and Marine Corps unit equipment and initial resupply for forces deploying anywhere in the world. There are now 96 ships in the RRF. The goal set out in the Mobility Requirements Study is to expand the RRF to 140 vessels by FY 1999. Management of the RRF is governed by a Memorandum of Agreement between Navy and MarAd.

B. Department of Defense

DOD's national sealift objective is to ensure that sufficient military and civil maritime resources will be available to meet defense deployment and essential economic requirements in support of national security.

The 1989 National Security Directive on Sealift states that:

The U.S.-owned commercial ocean carrier industry, to the extent it is capable, will be relied upon to provide sealift in peace, crisis, and war. This capability will be augmented during crisis and war by reserve fleets that are not available in sufficient numbers or types in the active U.S.-owned commercial industry.

The policy recognizes that other assets are available (e.g., the EUSC and allied vessels), but concludes that the United States must be prepared to respond unilaterally to security threats in geographic areas not covered by alliance commitments.

To accomplish the sealift mission, DOD continues to rely on three broad categories of shipping listed in order of their responsiveness -- prepositioned, surge, and resupply. Based on the nature of the national emergency scenario, sealift ships are acquired in priority sequence from: (1) DOD organic assets; (2) commercial charters from U.S. and foreign sources; (3) the RRF; (4) requisitioned U.S.-flag vessels; and (5) requisitioned EUSC vessels. Additional support from allied sources is used as available.

The U.S.-flag and EUSC fleets are shrinking. In addition, certain types of militarily useful vessels, such as roll-on/roll-off ships, are not available in commercial fleets as market conditions supporting economical use of such vessels decline, and ship operators turn toward containerships and intermodalism. As a result, DOD is faced with having to rely increasingly on government-owned and -controlled assets and on foreign-flag sources to meet future national defense sealift needs. There is some concern that such an approach will not be as cost-effective or efficient as one that includes a significant U.S.-owned commercial component, nor will it be as reliable where foreign assets are involved. Nonetheless, if current trends continue, DOD will be forced to increase the number of vessels in its fleet and in the RRF, as well, in order to assure that national security sealift requirements can be met.

DOD has proposed a National Defense Sealift Fund (NDSF) initiative that it believes will assure an adequate number of responsive sealift assets into the next century. The initiative would concentrate all national defense sealift assets under centralized DOD management and would include funding for sealift construction, acquisition, conversion, operation, maintenance, and R&D. Ships under the control of the Fund could be chartered to private operators. The Department of Transportation has expressed serious concerns about the NDSF proposal because of its potential detrimental effect on the competitive posture of the U.S.-flag commercial maritime sector and the inferred impact on location and management of the NDRF/RRF.

Recognizing the sealift shortfall, however, the Department of Transportation has encouraged consideration of an approach for the maritime industry similar to that which has been used to ensure

the availability of civilian airlift capacity, the Civil Reserve Air Fleet (CRAF) program. A CRAF approach would be a cooperative, voluntary contractual arrangement between U.S.-flag operators and the Government. The Government would pay participating carriers for the initial and continuing cost associated with incorporating national defense features (features that are not required for commercial operations but that make vessels more useful to the military). Such features could include strengthened decks, crane pedestals, and engines capable of high speed operation. The participating vessel operator would commit to making the ship immediately available to the Government in time of emergency. Successful implementation of a CRAF-like program presumes that U.S. operators will be acquiring new vessels in the future or significantly rebuilding existing vessels.

A summary of the Defense Department's command structure for handling maritime/sealift issues is attached at Appendix II.

C. United States Coast Guard

The mission of the United States Coast Guard is to enforce federal laws governing shipping and related maritime activities on the high seas and waterways that are subject to U.S. jurisdiction. An important aspect of its mission is the promulgation and enforcement of regulations designed to assure the safety of vessels and crews and to protect the marine environment. Thus, the USCG is responsible for developing and enforcing regulations related to vessel design and operation and crew qualifications and licensing. In addition, the Coast Guard administers the statutory requirements related to vessel manning (numbers of crewmembers and their functions). Finally, the USCG develops and administers the regulations that govern documentation of vessels under the U.S. flag.

Vessel manning requirements for the safe navigation of vessels are established by statute and administered through regulation by the Coast Guard. Technological improvements in merchant vessels have made many of these requirements obsolete. Modern U.S. vessels typically have 21-person crews (some older vessels carry as many as 35-45), while other nations' vessels carry far fewer. Clearly, revising U.S. manning requirements downward could result in significant reductions in wage/benefit costs for U.S. carriers. The Coast Guard has reduced manning requirements through administrative/regulatory processes where possible, but a statutory change would be needed to make substantial reductions.

For a number of years, it has been alleged that compliance with the USCG vessel design and inspection regulations for safety and environmental protection adds significantly to the cost of acquiring new vessels. Estimates range as high as 15 percent. The Coast Guard disputes this allegation. The Coast Guard believes that its active participation and leadership at the International Maritime Organization over the last 25 years has resulted in virtual equivalency between U.S. and international design and construction standards. In addition, the regulations have built in equivalency provisions that permit use of

alternative approaches if it can be demonstrated that these are equivalent in effect to those specified in the regulations. Thus, the Coast Guard believes that there should be little or no premium cost associated with compliance with the regulations.

D. Federal Maritime Commission

The Federal Maritime Commission (FMC), an independent five-person body, is responsible for the economic regulation of oceanborne common carriage transportation in the foreign commerce and in the domestic offshore trades of the United States. The FMC's regulatory responsibilities include: (1) monitoring conference, pooling, joint service, and space charter agreements of common carriers and others engaged in U.S. foreign commerce; (2) reviewing tariff filings by common carriers; and (3) protecting shippers and carriers from unfair or discriminatory practices of foreign governments or carriers. The FMC does not regulate entry or approve rates for ocean shipping.

Since the passage of the 1984 Shipping Act, which was designed to significantly reduce economic regulation of ocean shipping, the FMC's oversight of conference and other intercarrier agreements has been negligible. No serious investigations of any agreement has been undertaken; no agreements have been challenged or disallowed.

The FMC's oversight of rates is also negligible. Carriers are free to set rates without prior FMC approval. The FMC may investigate whether a carrier's rate practices violate certain "prohibited acts" (e.g., rebating), and has recently undertaken several investigations in that regard.

The FMC may take (and has taken) countervailing action to correct unfavorable shipping conditions in U.S. foreign commerce and may impose penalties to address actions by carriers or foreign governments that adversely affect the operation of U.S. carriers in the U.S. foreign oceanborne trades and that impair access of U.S.-flag vessels to ocean trade between foreign ports. Under section 19 of the Merchant Marine Act of 1920 and the Foreign Shipping Practices Act of 1988 sanctions available to the FMC include limitations on sailings, suspensions of tariffs, fees not to exceed \$1 million per voyage, or some combination of these. The penalties are intended to serve as inducements to foreign parties to negotiate the removal of the offending measures. The FMC, in cooperation with the Executive Agencies, has been increasingly active in combatting these anticompetitive practices.

Some have suggested that the current U.S. economic regulatory regime and its administration by the FMC serve as a mechanism to support the U.S. flag liner fleet. They argue that the current conference and rate-setting structures as well as tariff filing and enforcement provide a stable and uniform environment in which U.S.-flag vessels can operate. The premise is that, in a less regulated environment, U.S.-flag operators would fare less well. As the FMC's rules apply equally to all carriers -- foreign and U.S. -- it is difficult to understand how, in a market dominated by foreign operators, FMC regulation could be said to favor U.S.-flag operators.

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The Shipping Act of 1984 established an Advisory Commission on Conferences and Ocean Shipping (ACCOS) that is engaged in a comprehensive study of conferences in ocean shipping. The Commission is examining four broad issues: (1) antitrust immunity for conferences; (2) the merits of open versus closed conferences; (3) tariff and service contract practices; and (4) relations among conferences and shippers and transportation intermediaries. The report of the ACCOS is due in April 1992. Because of the wide divergence of views represented in ACCOS's membership, it is unlikely that the report will recommend any significant changes in ocean shipping regulation.

E. United States Trade Representative (USTR) and the Department of State

The Office of the United States Trade Representative has responsibility for the formulation of trade policy and the direction of all trade negotiations in which the United States participates. For maritime interests, USTR's principal importance has been its role in multilateral trade negotiations, such as the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), that have addressed the issue of applying multilateral trade rules to service industries, including shipping.

Through its Office of Maritime and Land Transport in the Bureau of Economic and Business Affairs, the Department of State handles a variety of issues of concern to the maritime industry, including carriers, shippers, shipbuilders, insurers, and consolidators. Issues may arise from the actions of individual foreign countries or in multilateral organizations that address economic problems, such as the Organization for Economic Cooperation and Development (OECD) and the United Nations Committee on Trade and Development (UNCTAD).

III. ANALYSIS OF POLICIES TO MAKE THE U.S. FLAG MORE COMPETITIVE

The following analysis seeks to quantify, where possible, the effect of policy/program changes that have been proposed to make the U.S.-flag oceangoing fleet more competitive. Each potential policy/program change is described in brief; its maximum effect on carrier expenses and/or revenues is estimated; and interests that may be helped or hurt by the change are noted. The analysis appears in summary form in the Maritime Policy Effectiveness Matrix, Table 3. Entries in the matrix represent estimates of the maximum effect of these actions on U.S.-flag operators operating expenses or revenues. Appendix I lists in greater detail the assumptions used in developing the matrix.

The effects are calculated individually. However, it should be noted that a reform proposal would likely consist of a package of initiatives.

Vessel Acquisition

U.S.-Build Requirement

Subsidized U.S.-flag operators are required to build vessels in U.S. shipyards if they wish to continue to receive ODS; so are recipients of Title XI loan guarantees. Permitting subsidized and Title XI vessels to be acquired from anywhere in the world could reduce vessel acquisition costs significantly -- in the past, the differential has been up to 55 percent depending on the type of vessel; eliminating foreign shipbuilding subsidies could trim the potential savings to 5-30 percent. U.S.-flag operators that do not participate in these programs are free to build their ships anywhere, although foreign-built vessels must wait three years before carrying preference cargo. It should be noted that vessel acquisitions represent a major threshold question for operators. The cost differential between U.S.- and foreign-built vessels has meant that subsidized operators have usually decided against making the investment at all.

It is unclear, therefore, how much this change would help the industry in the short-to-medium term. The operators with the oldest fleets most in need of updating are perhaps the least able to finance the acquisition of new ships (Lykes, Farrell, and Waterman); APL's fleet is relatively modern; space sharing arrangements with foreign operators reduce the need for new capacity.

For the purposes of this comparison, it is assumed that subsidized operators have in the past invested in U.S.-built vessels to augment their fleets. Assuming that subsidized operators would acquire one or two foreign-built ships per year (average of 1.5 vessels/year), that those vessels could be

built in U.S. yards for \$200 million and in foreign yards for \$100 million, annual principal and interest savings would grow from 0.2 percent in the first year to 1.2 percent of total expenses by 1998. This change helps subsidized operators that are in a position to acquire new vessels. To the extent new foreign-built vessels are purchased, it hurts U.S. shipbuilders and shipbuilding labor, and non-subsidized operators (loss of relative competitive advantage). It is unclear what the net effect would be on shipboard labor; newer ships mean smaller crews, but the ability to acquire competitively priced vessels would save jobs that might otherwise be lost altogether.

**3-year Wait
for Preference
Eligibility**

Vessels entering the U.S.-flag fleet from another registry ("reflagged" vessels) must wait three years before they are permitted to carry preference cargoes. (DOD and ExIm cargoes are exempt from this waiting period.) Making reflagged vessels immediately eligible to carry preference cargoes would marginally increase the earning capacity of reflagged vessels. However, because the amount of preference cargo is unchanged by the number of U.S.-flag vessels eligible to carry it, this change results principally in reallocating preference cargo among U.S.-flag operators and in lowering rates. This change helps U.S. operators that are in a position to acquire foreign-built vessels and helps U.S. agencies that ship preference cargo; it hurts operators that already have relatively modern ships that had to meet the 3-year requirement, (consequently, U.S. bulk operators are generally opposed to immediate eligibility for existing reflagged vessels, but support it for new tonnage), U.S. shipbuilders and shipyard labor (less need for new ships and no penalty for reflagging foreign-built ships); effects on shipboard labor unclear.

**Int'l Design
and Stability
Standards**

U.S.-flag operators could benefit from changes in vessel design that affect loading and positioning of cargo and, thus, increase the amount of cargo that can be transported on a single vessel. Additional annual revenue that could be generated (e.g., from changes in loadline measurement) are estimated at roughly \$20 million, or 0.3 percent of annual revenues. Changing stability standards helps all U.S.-flag operators. The operating industry asserts that U.S. safety and environmental protection regulations are more stringent than international standards and estimates that vessel acquisition costs could be reduced up to 5 percent (depending on size and type of vessel) if less stringent international standards were adopted. The Coast Guard disagrees.

P&I Insurance**Limits on Liability**

U.S. operators' insurance costs currently represent about 1.5 percent of total liner expenses. Some have suggested that limiting operator liability for damages involving vessel operations and injuries sustained by crewmen would help marginally to reduce overall insurance costs; no estimates of any credibility can be made. This change could marginally help all U.S.-flag operators. Some labor unions may argue that it could hurt U.S. shipboard labor.

Taxes**Income Tax on Crew Wages**

Some maritime nations have eliminated income taxes on crew wages where those wages represent a predominant portion of the seaman's year at sea in international trade. Elimination of the income tax on up to \$70,000 of a crewmember's wages (the exemption available to U.S. citizens employed overseas) would reduce the cost of a total compensation package by up to 8.5 percent (for a total reduction in overall operating expenses of about 0.6 percent). This change helps all U.S.-flag operators (lower effective wage rates if the unions agree to changes in collective bargaining agreements) and shipboard labor (more competitive U.S. operators, more jobs retained). This change hurts federal budget balancing efforts by reducing Treasury tax receipts.

Social Security

U.S. carriers are responsible for contributing 6.2 percent of the first \$55,000 of crew wages for social security. Eliminating this contribution could reduce total operating expenses by roughly 0.3 percent. This change helps all U.S.-flag operators (lower effective wage rates) and shipboard labor (more competitive U.S. operators, more jobs retained). This change hurts federal budget balancing efforts. This change also involves a major public policy question -- should non-contributors be eligible for benefits?

Medicare

U.S. carriers are responsible for contributing 1.45 percent of the first \$130,200 of crew wages for medicare. Eliminating this contribution could reduce total operating expenses by about 0.1 percent. This change helps all U.S.-flag operators (lower effective wage rates) and shipboard labor (more competitive U.S. operators, more jobs retained). This change hurts federal budget balancing efforts. This change also involves a

major public policy question -- should non-contributors be eligible for benefits?

**Asset
Depreciation**

U.S. operators are permitted to depreciate vessels over 10 years on a double-declining basis; many foreign countries provide for more generous depreciation of vessels by operators, some over as few as five years. Reducing the U.S. depreciation allowance from 10 years to 5 years could reduce total operating expenses by about 0.2 percent. This change helps operators that are in a position to acquire new vessels; in general sense, it helps U.S. shipbuilders and shipyard labor (frees up capital for additional investment), although combined with build-foreign authority it helps foreign shipyards to same degree. This change would hurt federal budget balancing efforts.

**Tax on
Foreign
Repairs**

Current law imposes a 50 percent ad valorem tax on non-emergency foreign ship repairs. The provision was designed to steer repair business to U.S. shipyards. (It has not worked -- even with the tax, many companies find it cheaper to maintain and repair vessels in foreign yards.) Elimination of the ad valorem tax could reduce total operating costs by about 0.2 percent. This change helps all U.S.-flag operators (foreign repair yards can no longer play the "50 percent game"). This change hurts U.S. shipyards/repair yards and shipyard labor; it hurts federal budget balancing efforts.

**Subpart F
Tax Deferral**

The 1986 Tax Reform Act repealed the Subpart F tax deferral for income from foreign shipping subsidiaries of U.S. companies that is reinvested in shipping operations. The goal was to encourage U.S. owners to bring vessels back under the U.S. flag (exactly the opposite has occurred) and increase tax revenues. In the six years since the tax change was made, U.S.-owned shipping under flags of convenience has declined by about 40 percent and no vessel has been reflagged to the U.S. registry. GAO has estimated the amount of taxes generated from the repeal of subpart F at between \$35 and \$50 million. This change helps U.S.-owned foreign-flag operators; it hurts federal budget balancing efforts.

CCF

At present, the Capital Construction Fund (CCF), a tax-deferral program for U.S.-flag operators to assist them in amassing the capital needed to acquire ships and certain other assets, can only be used for vessels constructed in U.S. yards. Eliminating the build-U.S. requirement would allow the CCF to be used for worldwide acquisition of vessels, and could stimulate construction of new

U.S.-flag tankers, as called for by OPA 90. This change could be made prospective or could be made retroactive, permitting funds already on deposit to be used to acquire foreign-build assets. This would likely result in increasing the level of operators' contributions to the CCF; the tax saving could reduce operating expenses by 0.4 percent. If prospective, this change helps U.S.-flag operators that have profits on which taxes could be deferred; generally helps shipbuilders and shipyard labor. If retrospective, it helps those with the largest current CCF deposits (generally those that operate both in the international and noncontiguous domestic trades, e.g., Sea-Land, Crowley). The impact of this change on federal budget balancing efforts is likely to be minimal. While it defers payment of taxes, withdrawals from the fund reduce the basis for calculating depreciation, which recoups a portion of the deferral.

Investment Tax Credit

The Tax Reform Act of 1986 eliminated the 10 percent investment tax credit previously available to owners of vessels. Reinstating the credit would reduce vessel acquisition costs by 10 percent; assuming two \$100 million vessels are constructed per year (one by currently subsidized and one by currently unsubsidized operators), this translates into a savings of \$20 million or 0.3 percent of total costs. The ability to take advantage of the credit is a function of one's profit standing and tax liability. This change helps U.S.-flag operators with tax liabilities against which the credit could be applied; it helps any other investor in a position to invest in U.S.-flag vessels and thereby take advantage of the credit; it helps U.S. shipbuilders and shipyard labor (effectively lowers acquisition costs and boosts demand); combined with build-foreign authority, it generally helps all countries' shipyards and shipyard labor. This change hurts federal budget balancing efforts, especially if accompanied by build-foreign authority (few if any new U.S. shipyard jobs result). Relatively speaking, it hurts U.S.-flag operators without the resources to acquire new vessels or significant tax liabilities against which to apply the credit.

Crewing

U.S. Citizen Crews

U.S. law requires that all U.S.-flag vessels have citizen officers and 75 percent citizen unlicensed crew. (In practice, because of collective bargaining agreements, U.S.-flag vessels are crewed almost entirely by U.S. citizens.) Crew costs represent approximately 6 percent of total

operating expenses for the most efficient U.S.-flag liner operators; 12 percent for the least efficient. Reduction or elimination of the U.S. crewing requirement would reduce crew costs by 50-80 percent depending on how many positions were required to remain U.S. citizens and where the alien crew was recruited. The overall effect could be to reduce operating expenses by between 3 and 8 percent. On average, industry savings could approach roughly 6 percent. This change helps all U.S.-flag operators (lower cost foreign crews or greater leverage in negotiating compensation and work rule packages with U.S. labor). This hurts U.S. shipboard labor (lost jobs, downward wage pressure). This change would also hurt the ability of the United States to mobilize the merchant marine as a military auxiliary by greatly reducing the pool of U.S. citizen seafarers.

Manning Requirements

Manning requirements for U.S.-flag vessels are currently established by statute. Technological improvements in merchant vessels have made many of these requirements obsolete. Modern U.S. vessels typically have 21-person crews (some older vessels in our fleet carry as many as 36), while other nations' vessels carry far fewer. Revising manning statutes and regulations could reduce U.S. carriers' operating costs by 1.3 percent. (Note that the Coast Guard's criterion for establishing a vessel's minimum manning level is the safe navigation of that vessel. Typically, that level of manning is 15; however, management decisions and collective bargaining generally result in higher levels of manpower.) This change helps all U.S.-flag operators. It hurts shipboard labor and erodes the U.S. citizen mobilization pool, especially for unlicensed seamen.

Merchant Marine Reserve

Even without changes in manning laws and practices, the seagoing labor force has been shrinking over the past three decades and is projected to continue to dwindle. This reduces the U.S. ability to crew sealift vessels rapidly and reliably in an emergency. Creation of a small civilian merchant marine reserve comprising experienced seaboard personnel who had left seagoing employment could ameliorate this problem. Participants would train two weeks annually on RRF vessels, and be assured of reemployment rights like their military counterparts. This reserve would help DOT in emergency crewing of reserve ships. Organized labor claims it would hurt their interests by masking what it perceives to be the real problem -- the loss of full time seagoing jobs for its members.

Vessel Documentation**U.S.-citizen
Ownership and
Control**

To be documented under the U.S. flag, vessels must be "wholly owned" by U.S. citizens, and there are associated limits on the members of a partnership or corporate board of directors that may be foreign citizens that carry back through all underlying partnerships and corporations. The effect of liberalizing these requirements may be to marginally decrease the cost of acquiring capital for U.S.-flag operators. It is not anticipated that this change, in and of itself, would be sufficient to attract capital to otherwise questionable investments. This change helps individual U.S.-flag operators that might find it possible to link up with foreign partners with capital to invest (no known takers at this time). It hurts U.S.-flag management that might be concerned about being forced out by foreign owners; U.S. shipboard labor likely to perceive it hurts them (the "camel's nose that will soon be followed by foreign crews; having to work for unsympathetic foreign management).

Vessel Ownership and Transfer**U.S.-citizen
Ownership and
Control**

To qualify a vessel for maritime promotional programs or preferred financing, in addition to the documentation requirements noted above, at least 51 percent of stock issued must be owned by U.S. citizens. In addition, current law requires MarAd approval for the sale or transfer of U.S.-flag vessels from citizens to non-citizens, and to all subsequent sales between non-citizens until the vessel is scrapped. The effect of liberalizing these requirements may be to marginally reduce the cost of acquiring capital for U.S.-flag operators; potential investors in U.S.-flag shipping may be attracted because vessel assets would become more mobile and freely traded on the world market. As above, it is not anticipated that this change, in and of itself, would be sufficient to attract capital to otherwise questionable investments. This change helps U.S. and (potentially) foreign parties with interests in U.S.-flag vessels and cash-poor U.S. carriers who would want to reflag chartered vessels to carry preference cargoes. It may hurt U.S. shipboard labor (making flagging out easier may mean loss of U.S.-flag vessels, and U.S. seaman jobs, although it could also be argued that providing the ability for vessels to flag out may encourage flagging in).

Operating Flexibility

Trade Route Designations	Subsidized U.S. liner vessels are limited to providing service along one or more of 34 trade routes as defined in their ODS contracts. These requirements make it difficult for operators to respond quickly to changing market conditions. Elimination of trade route restrictions for carriers still under subsidy would improve carrier flexibility and efficiency and eliminate related litigation. It is estimated that roughly \$30 million in additional revenues (representing approximately 0.4 percent of total operating revenues) could be gained annually as a result of greater operating flexibility. This change helps subsidized operators and their shipboard labor. It hurts non-subsidized operators and their shipboard labor (stiffer competition from the formerly constrained subsidized operators).
Foreign-flag Feeders	Subsidized carriers may use foreign-flag feeder vessels as part of hub-and-spoke operations only with permission from MarAd. Blanket authority for foreign-flag feeder operations would increase U.S. operators' efficiency and, thus, their ability to compete effectively with foreign carriers. It is estimated that more widespread use of foreign-flag feeders could save U.S.-flag operators roughly \$20 million annually, or 0.3 percent of total revenues. This change helps U.S.-flag operators with line haul-feeder systems (e.g., APL). It hurts U.S. shipboard labor (foreign-flag feeder vessels replace direct call U.S.-flag, U.S.-crewed vessels).

Legal and Administrative

Regulatory Proceedings and Requirements	U.S. operators spend a significant amount of time, effort, and money in regulatory/legal proceedings related to their operations. A subsidized operator must approach MarAd for permission to make almost any change to the way the company does business; MarAd decisions are subject to challenge from other operators, subsidized and non-subsidized alike. It is estimated that roughly \$3 million could be saved annually as a result of adopting many of the changes noted above combined with streamlining remaining regulatory procedures. This change helps all U.S.-flag operators (reduced legal fees and regulatory delays). It hurts the maritime law profession and smaller subsidized operators (regulatory system helps to minimize competition).
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IV. POTENTIAL ECONOMIC REGULATORY REFORM MEASURES

A. Economic Regulation of Ocean Shipping

Economic regulation of ocean shipping in the United States began with the enactment of the Shipping Act, 1916 (1916 Act). For intercarrier agreements filed with the Federal Government, the 1916 Act granted conferences (collections of carriers that jointly set rates and other aspects of shipping service) immunity from antitrust law. In return for that immunity, carriers were subjected to oversight by government; in addition, certain practices that tended to concentrate market power in conferences were prohibited (e.g., "fighting ships," deferred rebates). Conferences were required to allow free entry and exit, or to be "open." The 1916 Act also prohibited discriminatory rates or services.

Congressional investigations of ocean shipping regulation were undertaken in 1959, leading in 1961 to enactment of amendments to the 1916 Act. Conferences could continue to receive antitrust immunity; however, conference activities came under closer scrutiny by the newly created Federal Maritime Commission (FMC). The 1961 Amendments also required all carriers to file tariffs (schedules of rates and related services) with the FMC.

A 1968 Supreme Court decision, *FMC V. Aktiebolaget Svenska Amerika Linien*, 390 U.S. 238 (1968), further tightened FMC oversight of conferences. The so-called Svenska Standard established a presumption that conferences were anticompetitive, and shifted to conferences the burden of proving that an exemption from antitrust laws was in the public interest. Following these changes, approval of antitrust immunity for conferences became protracted and expensive regulatory proceedings.

Through the late 1970s and early 1980s numerous bills were introduced to amend regulation of ocean shipping, and in particular to clarify circumstances under which antitrust immunity could be granted. Those efforts culminated in enactment of the Shipping Act of 1984 (1984 Act), which represented a compromise between carriers and shippers insofar as regulation of conferences was concerned. Among its main features, the 1984 Act:

- conferred antitrust immunity on all agreements filed with the FMC, to take effect within 45 days unless the FMC were to seek an injunction against any agreement it found likely to reduce competition to such an extent that it would result in an unreasonable reduction in transportation service or unreasonable increase in transportation costs (no such injunctions have been sought by the FMC since the 1984 Act);

- reaffirmed the principles of nondiscrimination and common carriage;

- continued to require ocean common carriers to file tariffs, and the FMC to enforce those tariffs;

-- required conferences to permit their members to file independent rates on 10-days' notice (independent action); and

-- authorized service contracts between carriers and shippers, the essential terms of which were required to be filed with the FMC and offered to similarly situated shippers.

Recognizing the delicate balance they sought to establish, the drafters of the 1984 Act called for a review of its effectiveness after five years. The 1984 Act also called for the creation of an Advisory Commission on Conferences in Ocean Shipping to investigate conference antitrust immunity, tariff filing and enforcement, and other aspects of regulating ocean shipping. The Advisory Commission's report is being transmitted to the President and the Congress on April 10, 1992.

B. Issues relating to Regulation of Ocean Shipping

The Advisory Commission's report contains no recommendations. The wide divergence of views represented among its 17 Congressional and private sector members made reaching a consensus on the key issues impossible. Areas identified for possible action are described below.

1. Antitrust immunity for conferences, "super conferences," discussion agreements, and ports. Carriers continue to favor antitrust immunity for conferences and other forms of intercarrier agreements. They point to several factors they believe justify continued immunity including: 1) chronic overcapacity that leads to "destructive competition"; 2) extreme rate fluctuations; 3) the requirements of international comity; 4) the need for common business practices in international business; 5) the presence of subsidized foreign competition; 6) the need to ensure the health of the U.S.-flag fleet; and 7) the desirability of achieving the efficiency benefits of joint activities. Proponents of continued antitrust immunity for conferences argue that eliminating it would result either in a highly concentrated industry with the few remaining carriers able to exert significant market power or in increased government intervention through subsidies or greater use of cargo reservation schemes.

Opponents of continued antitrust immunity for conferences question the value of conferences to the U.S.-flag fleet in light of that fleet's steady decline; note that overcapacity ("excess" service competition) is to be expected when price competition is stifled; do not believe that elimination of antitrust immunity would lead to market concentration; and assert that service contracting is more effective in stabilizing rates than conference rate setting. Shippers are particularly critical of antitrust immunity for "super conferences" (conferences that cover vast geographic regions, subsuming markets previously covered by several conferences) and discussion agreements (agreements that permit conference and non-conference carriers to discuss rates and services).

Seaports and private marine terminal operators also receive immunity from antitrust laws for agreements they file with the FMC. Proponents of continued antitrust immunity for these entities cite several reasons including: 1) port facilities are costly to build and are usually built with public funds to meet public policy objectives, and therefore should not be held to the same antitrust standards as profit-making companies; 2) as capital intensive undertakings, ports are susceptible to destructive rate wars; and 3) ports need antitrust immunity as a counter balance for the power that conferences can wield. The FMC, in its five-year review of the 1984 Act, recommended that antitrust immunity for marine terminal operators be eliminated. The Justice Department has advised that antitrust immunity is not needed for publicly owned ports, which would be protected from the full force of antitrust laws by the "state action" doctrine and by the Local Government Antitrust Act.

2. Tariff Filing and Enforcement. Tariff filing and enforcement was intended to be a tool to restrain the cartel powers of conferences to discriminate among similarly situated shippers; it is also viewed by some as helping to stabilize rates. In 1991, over 1 million pages of tariffs were filed with the FMC, representing approximately 6000 tariffs for products moving in the U.S. foreign trades. Of these, slightly over half were filed by non-vessel operating common carriers (NVOCCs -- transportation intermediaries that are carriers in their relation with shippers that book cargo with them, and shippers in their relation with the underlying vessel operating common carriers with which they in turn book consolidated shipments). Tens of thousands of independent actions to conference rates were filed (by law, on 10-days' notice a conference carrier has the right to file rates independent of its conference's rates).

Carriers continue to support the requirement that tariffs be filed, and their terms enforced by the FMC. This, they argue, is essential if ocean shipping in the United States is to be governed by principles of common carriage. If tariffs are not filed and enforced, carriers assert, there is no way for the FMC to determine whether rates are discriminatory. This could lead to larger shippers getting preferential rates and services compared to smaller shippers, thereby putting smaller shippers at a competitive disadvantage.

Opponents of continued tariff filing and enforcement argue that the system is too bureaucratic, inflexible, and expensive to maintain. They note that shippers do not use tariffs to obtain information about rates and that, with the high degree of rate differentiation that currently exists, the concepts of common carriage and rate discrimination have been blurred. They also assert that tariff filing does not contribute to stable rates and services; service contracts, they state, are better able to do that.

In response to a petition from a group of ocean shipping intermediaries, the FMC has begun a proceeding to determine whether NVOCCs should continue to be required to file tariffs.

NARA-18-1003-A-005580

The Departments of Transportation and Justice both filed comments in this proceeding recommending the elimination of tariff filing for NVOCCs.

3. Service Contracts. The 1984 Act clarified that carriers and shippers could enter into contracts specifying rates, volumes and types of cargo, and levels of service that will exist between them for a given period of time. The essential terms of those contracts have to be filed with the FMC and are publicly available. Under the concept of common carriage, similarly situated shippers may avail themselves of the same contract terms being offered other shippers (referred to as "me too" contracts). Since the 1984 Act, there has been a proliferation of service contracts; through May 1991 nearly 32,000 service contracts have been filed with the FMC. Seventy percent of service contracts have been written by non-conference carriers; 30 percent have been written by conferences. In some trades, more than 50 percent of the cargo moves under service contracts.

The key issues relating to service contracts are whether their essential terms should be public or confidential and whether conferences should be required by law to permit their members to enter into service contracts independent of the rest of the conference.

As a general matter, carriers favor retaining the current system of regulation of service contracts; i.e., continued public filing of essential terms and no requirement for conferences to permit their members independently to write service contracts. These measures, they assert, are necessary to make service contracting compatible with the concept of common carriage. Conference carriers in particular fear that if service contracts are confidential larger shippers will be able to exert significant downward pressure on rates.

Most shippers seem to favor confidential contracts, although some small shippers have expressed concerns that confidential contracts would put them at a disadvantage when competing with larger shippers. Larger shippers assert that having to make the essential terms of contracts publicly available gives their foreign competitors significant information about their cost structures and ways of doing business -- information that is not similarly available overseas. They also argue that the "me too" feature of service contracts makes carriers reluctant to enter into innovative or risky contracts for fear of having to offer them to other similarly situated shippers. Finally, supporters of confidential service contracts point to experience in U.S. domestic land transport, where confidential service contracts and common carriage have co-existed for more than a decade.

V. THE OIL POLLUTION ACT OF 1990 (OPA 90)

The Oil Pollution Act of 1990 creates a comprehensive prevention, response, liability, and compensation regime for dealing with oil pollution caused by vessels and facilities. The Act substantially increases federal government oversight in numerous areas of marine safety and environmental protection. In enacting OPA 90, Congress expressed the view that the laws and regulations in place at the time of the grounding of the T/V EXXON VALDEZ were inadequate and did not assure that an appropriate level of safety existed within the oil and petroleum transportation infrastructure. Congress also expressed the view that persons damaged by an oil spill did not have adequate redress.

OPA 90 contains nine specific titles that address a broad spectrum of requirements touching on virtually all aspects of vessel operations, including safety, personnel, cargo control, and vessel traffic management. OPA 90 also includes provisions that focus on marine environmental protection, preparedness, response operations, liability and compensation, and management issues.

The Act is exceptionally far reaching in terms of its impact on maritime operations both nationally and internationally. There are two primary issues that are influencing corporate decisions concerning the operation of both U.S. and foreign flag tankers: (1) the requirement for double hulls on tank vessels; and (2) the liability and compensation regime, including the requirement for Certificates of Financial Responsibility (COFRs) for all vessels.

Double Hulls

OPA 90 specifies that all new tankers operating in U.S. waters and constructed after June 30, 1990 be fitted with double hulls. Tankers built before June 30, 1990, would be phased out unless they were retrofitted with double hulls. The phase out starts in 1995 and extends over a 20-year period.

Cost

The fitting of double hulls to new tankers adds approximately 8-12% to the construction cost. This translates to an additional 1-2 cents per gallon at the pump if the total cost of replacing the tanker fleet is included. Part of this cost would be passed on to the consumer with or without a double hull requirement because the existing tanker fleet is aging and would be replaced in any case.

Most vessel owners are waiting until the publication of final Coast Guard rules that will detail the construction requirements. The Coast Guard provided interim standards to the world market with the assurance that vessels built in accordance with the interim standards would be acceptable for future trade in the U.S., no matter what the outcome of the final rule.

Shipyard Capacity

The additional shipyard capacity needed to replace existing tankers on the timetable laid out in OPA 90 is believed to be marginal. However, OPA 90 provides two primary relief valves that will affect the rate of replacement. Approximately 30% of the crude oil that comes into the U.S. by ship is transshipped or lightered. This means that a large ship off-loads its cargo to one or more smaller ships. OPA 90 exempts ships that lighter more than 60 miles offshore from complying with the double hull requirement until 2015. Similarly, a vessel that off-loads at a licensed Deepwater Port (LOOP) is also exempted. These exemptions should improve shipyard elasticity. It is very dependent however, on how long owners wait to replace their vessels. If they collectively crowd the 2015 date the equation could change.

Related Issues

International -- The United States is party to the 1973/78 International Convention for the Prevention of Pollution from Ships (MARPOL 73/78), the principal international treaty that addresses prevention of operational and accidental pollution from tankers. The unilateral imposition of the OPA 90 double hull requirements on the fleet that serves the United States without first proposing those changes to the international community could jeopardize future safety and environmental initiatives. Thus, the United States has proposed that the International Maritime Organization (IMO) adopt the OPA 90 requirements.

At the 32nd session of the Marine Environment Protection Committee of IMO, the international community adopted international double hull requirements. The principles of these requirements are the same as those embodied in OPA 90, but, because of numerous technical differences, the United States reserved its position on these amendments. For at least the short term, it is unlikely that the United States will become party to these international requirements, instead letting the OPA 90 requirements prevail within the United States. The Coast Guard has not established a final U.S. position on this matter.

Domestic -- OPA 90 provides the opportunity for the Coast Guard to consider alternative designs to double hulls. A report and recommendation must be submitted to Congress. Several designs have been considered and are being evaluated both nationally and internationally. How the Coast Guard will fit them into the overall scheme has yet to be determined, but specific congressional action will be required before any specific alternative agreed to internationally is accepted nationally.

Certificates of Financial Responsibility (COFRs)

OPA 90 requires owners or operators of vessels to provide evidence of financial responsibility to cover liability for vessel source oil pollution costs and damages. If a vessel's owner or operator wishes to operate the vessel in United States waters, or to

tranship or lighter oil destined for the United States in the exclusive economic zone, it must provide evidence of that financial responsibility. If the evidence is provided, a Certificate of Financial Responsibility (COFR) is issued and must be carried on the vessel. If the owner or operator of a vessel required to obtain a COFR for its vessel has not done so, a number of sanctions may apply, including denying the vessel entry to any place in the United States. An entity, other than the owner or operator itself, which provides this evidence of financial responsibility is called a "guarantor" under the terms of OPA 90.

For a major segment of the ship-owning and -operating industry, financial responsibility coverage for this sort of liability has been provided by Protection and Indemnity (P&I) Clubs made up of the owners and operators themselves. The provisions of OPA 90 allow claimants to sue any guarantor directly for the liability of the owner or operator for which it has provided financial responsibility. Such direct actions are to be limited to the amount of financial responsibility that the guarantor provides.

However, OPA 90 also preserved regulations relating to evidence of financial responsibilities which had been issued under the preexisting, but repealed, law. These regulations will remain in force until replaced by new regulations under OPA 90. The preexisting law required a lower amount of, and more limited scope of, liability coverage. Thus, although owners and operators are subject to OPA 90's higher limit of liability, the financial responsibility requirements under the existing regulations are more limited. Entities, including P&I clubs providing financial responsibility coverage under these regulations, object to the issuance of new regulations under OPA 90 to bring the new law's requirements into force.

P&I clubs have indicated that they will not provide the evidence of financial responsibility under the new law if that makes them a guarantor subject to direct action. If that position is not changed, a substantial number of vessel owners and operators will have difficulty obtaining COFRs and would thus be subject to sanctions if they continued to operate in U.S. waters. This could result in a shutdown of much of the U.S. waterborne trade, including a large portion of the petroleum trade.

Shipowners are urging adoption of a compromise position whereby shipowners could qualify for COFRs based on their own financial strength, utilizing their insurance coverage with P&I clubs as security. Under this arrangement, third parties could still look to the P&I clubs to provide the oil pollution cover, but the clubs would not be subject to direct action. Final regulations to implement the requirements of the new law with respect to financial responsibility are currently under development.

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DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: HILL, J. FRENCH, POLICY COORDINATING GROUP, WHITE HOUSE
To: AG. ODD: 07-06-92
Date Received: 07-01-92 Date Due: 07-06-92 Control #: X92070109982

Subject & Date

06-30-92 MEMO ATTACHING A MEMO DATED JUNE 25, 1992, FROM CLAYTON YEUTTER, CHAIRMAN PRO TEMPORE, POLICY COORDINATING GROUP (PCG), WHICH CREATES A WORKING GROUP ON SUPERFUND, TO BE CHAIRED BY THE ASSOCIATE DIRECTOR (NATURAL RESOURCES, ENERGY AND SCIENCE), OMB. THIS WORKING GROUP WILL ADVISE THE PCG ON POLICY MATTERS AND RELATED LEGISLATIVE AND ADMINISTRATIVE PROPOSALS. REQUESTS THE NAME OF DOJ'S REPRESENTATIVE BY COB MONDAY, JULY 6, 1992. ADVISES **

Referred To:	Date:	Referred To:	Date:
(1) OAG;	07-01-92	(5)	
(2)		(6)	
(3)		(7)	
(4)		(8)	

W/IN:

PRTY:

1

OPR:

CYN

INTERIM BY:

Sig. For: OAG

DATE:

Date Released: 07-10-92

Remarks

** THAT WORKING GROUP MEMBERS SHOULD BE AT THE ASSISTANT SECRETARY-LEVEL OR ABOVE AND AUTHORIZED TO SPEAK FOR THEIR RESPECTIVE AGENCY.

INFO CC: DAG, ASG, ENR, OPC/OPD.

(1) TO OAG FOR ACTION. ADVISE EXEC. SEC. OF ACTION TAKEN.
07-10-92: PER OAG/LEVIN, HANDLED BY PHONE - DESIGNATED

Other Remarks:

ACTING AAG/ENR CLEGG. (HBR)

OLA CONTACT:

JRH 7/2/92

FILE: WORKING GROUPS/SUPERFUND WORKING GROUP

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

40
30 June 92

THE WHITE HOUSE

WASHINGTON


June 30, 1992

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'92 JUL -1 11:46

MEMORANDUM FOR DISTRIBUTION

EXECUTIVE SECRETARY

FROM: J. French Hill 
Executive Secretary
Policy Coordinating Group

SUBJECT: The Creation of the Working Group on Superfund

The attached charter establishes within the Policy Coordinating Group a Working Group on Superfund, to be chaired by Robert Grady, Associate Director (Natural Resources, Energy and Science), Office of Management and Budget. This Working Group will advise the PCG on policy matters and related legislative and administrative proposals.

Working Group members should be at the Assistant Secretary-level or above and authorized to speak for their respective agencies. Please furnish the name of your representative by COB Monday, July 6 to Teresa Gorman, Office of Policy Development (456-6554), who will serve as executive secretary of this Working Group.

THE WHITE HOUSE

WASHINGTON

June 25, 1992

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE CHIEF OF STAFF
THE ADMINISTRATOR, ENVIRONMENTAL
PROTECTION AGENCY
THE COUNSEL TO THE PRESIDENT
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE CHAIRMAN, COUNCIL ON ENVIRONMENTAL QUALITY
THE ASSISTANT TO THE PRESIDENT FOR LEGISLATIVE
AFFAIRS
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC
AND DOMESTIC POLICY

SUBJECT: THE CREATION OF THE WORKING GROUP ON SUPERFUND


Pursuant to the President's memorandum of February 24, 1992, establishing the Policy Coordinating Group (PCG), this memorandum creates the Working Group on Superfund. This working group will be the primary channel within the PCG process for developing Administration policy on Superfund and related legislative and administrative proposals.

The working group is charged with:

- Reviewing and conducting studies as needed on the cost-effectiveness of existing Superfund legislative and administrative policies. Specific attention should be focused on analyzing: (1) the potential of the Act to protect environment and public health; (2) the efficiency of public and private sector expenditures; and (3) the breakdown of expenditures on site cleanup versus legal fees and other transaction costs;
- Analyzing recommendations from outside experts on ways to improve the cost-effectiveness of the Superfund program; and
- Developing administrative and legislative proposals for consideration by the PCG that would enhance the pace and cost-effectiveness of site cleanups and reduce overall transaction costs;

This working group will be chaired by the Associate Director (Natural Resources, Energy and Science), Office of Management and Budget. The members of the working group will include Assistant Secretary-level representation from the Office of the Vice President, the Office of Management and Budget, the Department of Justice, the Department of Interior, the Department of Defense, the Department of Energy, the Department of Commerce, the White House Counsel's Office, the Office of Legislative Affairs, the Environmental Protection Agency, and the Council on Environmental Quality. Where issues require participation by other agencies, those agencies will be included.

The working group will submit a report by February 1993 presenting information on: (1) a projection of the number of the site cleanups expected over the next four years; (2) the strengths and weaknesses of the current cleanup program in achieving cost-effective cleanups in a timely manner; (3) the long-range ability of the current program to meet projected demands; and (4) recommendations on potential administrative and legislative changes that would improve the operation of the program.


Clayton Yeutter
Chairman Pro Tempore
Policy Coordinating Group

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DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

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Date Received: 07-01-92 Date Due: 07-06-92 Control #: X92070109978
Subject & Date

06-30-92 MEMO ATTACHING A MEMO DATED JUNE 29, 1992, FROM
CLAYTON YEUTTER, CHAIRMAN PRO TEMPORE, POLICY COORDINATING
GROUP (PCG), WHICH CREATES THE WORKING GROUP ON TELECOMMUNI-
CATIONS, TO BE CHAIRED BY THE CHAIRMAN OF THE COUNCIL OF
ECONOMIC ADVISERS. THIS WORKING GROUP WILL ADVISE THE PCG
ON A BROAD RANGE OF POLICY AND REGULATORY ISSUES WITHIN THE
TELECOMMUNICATIONS SECTOR. REQUESTS THE NAME OF DOJ'S
REPRESENTATIVE BY COB MONDAY, JULY 6, 1992. ADVISES **

Referred To:	Date:	Referred To:	Date:	
(1) OAG;	07-01-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1
INTERIM BY:		DATE:		OPR:
Sig. For: OAG		Date Released: 07-10-92		CYN

Remarks

** THAT WORKING GROUP MEMBERS SHOULD BE AT THE ASSISTANT
SECRETARY-LEVEL OR ABOVE AND AUTHORIZED TO SPEAK FOR THEIR
RESPECTIVE AGENCY.

INFO CC: DAG, ASG, ATR, OPC/OPD.

(1) TO OAG FOR ACTION. ADVISE EXEC. SEC. OF ACTION TAKEN.
07-10-92: PER OAG/LEVIN, HANDLED BY PHONE - DESIGNATED

Other Remarks:

AAG/ATR JAMES. (HBR)

OLA CONTACT:

JRH 7/2/92

FILE: WORKING GROUPS/TELECOMMUNICATION WORKING GROUP

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

010
30 JUNE 92

THE WHITE HOUSE

WASHINGTON

June 30, 1992

'92 JUL -1 AM 1:46

MEMORANDUM FOR DISTRIBUTION

EXECUTIVE SECRETARY

FROM: J. French Hill *JFH*
Executive Secretary
Policy Coordinating Group

SUBJECT: The Creation of the Working Group on
Telecommunications

The attached charter establishes within the Policy Coordinating Group a Working Group on Telecommunications, to be chaired by the Chairman of the Council of Economic Advisers. This Working Group will advise the PCG on a broad range of policy and regulatory issues within the telecommunications sector.

Working Group members should be at the Assistant Secretary-level or above and authorized to speak for their respective agency. Please furnish the name of your representative by COB Monday, July 6 to Todd Buchholz, Policy Coordinating Group (456-2471), who will serve as executive secretary of this Working Group.

cc: Chairman Boskin

THE WHITE HOUSE

WASHINGTON

June 29, 1992

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF THE TREASURY
THE ATTORNEY GENERAL
THE SECRETARY OF COMMERCE
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE CHIEF OF STAFF
THE UNITED STATES TRADE REPRESENTATIVE
THE COUNSEL TO THE PRESIDENT
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC AND
DOMESTIC POLICY

SUBJECT: THE CREATION OF THE WORKING GROUP ON
TELECOMMUNICATIONS

Pursuant to the President's memorandum of February 24, 1992, establishing the Policy Coordinating Group (PCG), this memorandum creates the Working Group on Telecommunications. This working group will be the primary channel within the PCG process for developing Administration policy on key telecommunications issues.

The working group is charged with:

- providing a resource for data on the telecommunications industry and estimating the impact of tax and regulatory proposals on the industry's competitiveness;
- developing and refining the Administration's approach to regulatory and trade issues affecting this sector;
- reviewing policy considerations arising from FCC proceedings, as well as in proposed Congressional testimony; and
- advising the PCG on legislative developments and proposals.

The Working Group will be chaired by the Chairman of the Council of Economic Advisers. The members of the Working Group will include Assistant Secretary-level representatives of the Office of the Vice President, the Department of the Treasury, the Department of Commerce, the Department of Justice, the Office of Management and Budget, the United States Trade Representative, the Office of the Counsellor to the President for Domestic Policy, the White House Office of Legislative Affairs, and the White House Counsel's Office. Where issues require participation by other agencies, those agencies will be included.

The working group will meet as necessary to fulfill the objectives outlined above.

A handwritten signature in black ink, appearing to read "Clayton Yeutter". The signature is fluid and cursive, with the first name "Clayton" and last name "Yeutter" clearly distinguishable.

Clayton Yeutter
Chairman Pro Tempore
Policy Coordinating Group

The Honorable William Barr
Attorney General
Department of Justice
Room 5114
10th and Constitution Avenue, N.W.
Washington, D.C. 20530



DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: JENKINS, JAMES P., NASA, WASHINGTON, DC

To: OAG

ODD: NONE

Date Received: 09-23-92 Date Due: NONE

Control #: X92092314110

Subject & Date

09-23-92 LETTER (FAX REC'D FROM OAG) REGARDING THE
EVALUATION OF THE NATIONAL ROLE AND USEFULNESS OF THE
TECHNOLOGY CALLED VIRTUAL REALITY. ADVISES THAT HE AND
DR. Y.T. CHIEN, NATIONAL SCIENCE FOUNDATION, CO-CHAIR A
WORKING GROUP ON VIRTUAL REALITY, AND INVITE DOJ TO BE
PART OF THE WORKING GROUP TO ENSURE THAT THE PLANS AND NEEDS
OF DOJ ARE WELL UNDERSTOOD. REPRESENTATIVES FROM ALL
FEDERAL AGENCIES WILL MEET ON SEPTEMBER 25, 1992, AT **

Referred To: Date:

Referred To: Date:

(1) OAG;LEVIN 09-23-92 (5)
(2) (6)
(3) (7)
(4) (8)

W/IN:

PRTY:

1Z

OPR:

MAU

INTERIM BY:

DATE:

Sig. For: OAG

Date Released:

Remarks

** 9:00 A.M. IN ROOM 1243 OF THE NATIONAL SCIENCE
FOUNDATION TO BEGIN THE COORDINATION AND SHARING OF THE
PLANS AND NEEDS OF THIS TECHNOLOGY IN EACH AGENCY.

(1) FOR ANY ACTION DEEMED APPROPRIATE.

Other Remarks:

OLA CONTACT:

FILE: WORKING GROUPS/ON VIRTUAL REALITY

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

23 September 92

92 09 23 10:14

National Science Foundation
1800 G Street, N.W.
Washington, DC 20550
(202/357-7936)

CISE
Fax
Cover
Sheet

Date: 9-23-92

Company Name:	Dept of Justice
Contact Name:	William G. Myers 514-2011 WIK
Fax Number:	514-0468

Sender:	J. T. Chen / James Jenkins
Description:	Memo

Number of pages:	2
Date Sent:	9-23-92
If there are any problems with this transmission, call and speak with <u>Don Baker</u> 357-5522	
FOIA # 60048 (URTS 16449) DocId: 70106594 Page 3	
NARA-18-1003-A-005598	



National Aeronautics and
Space Administration

Washington, D.C.
20546

Reply to Attention:

Last January, The Federal Coordinating Council for Science, Engineering and Technology (FCCSET) committee, under Dr. Bromley's direction at the Office of Science and Technology Policy, Executive Office of the President, began evaluating the national role and usefulness of the technology called Virtual Reality. A decision was reached in March to pursue the technology as a federal agency-wide topic.

In August, The Subcommittee on High Performance Computing, Communications and Information Technology, of the FCCSET Committee on Physical, Mathematics, and Engineering Sciences (CPMES), established a working group on Virtual Reality. Dr. Y. T. Chien, National Science Foundation, and I are co-chairs. A three Phase set of tasks are envisioned. The first Phase has the objective to prepare a technology survey of federal agencies' activities, plans and interest in this technology. A report to CPMES in November 1992 is proposed. Activities in the next Phases will depend on the results and the subsequent recommendations from CPMES, but likely will focus on definition of a technical baseline and further development of a coordinated multi-agency effort.

Dr. Chien and I invite you or your representative to be part of the working group to ensure that the plans and needs of your organization are well understood. Representatives from all federal agencies will meet in room 1243 of the National Science Foundation on September 25, at 9:00 a.m., to begin the coordination and sharing of the plans and needs of this technology in each agency. We envision that four types of information will be needed: 1) a description of current research/application of VR; 2) plans for its further research in the next 3-5 years; 3) planned costs for FY 93-94; and 4) critical issues in the technology, as you perceive them. A telephone response would be appreciated to Dr. Chien, 202-357-9572, or myself, 202-453-2815.

Thank you for your cooperation.

James P. Jenkins, Ph.D.
Co - Chair

Screened by NARA (RD-F)
01-31-2019 FOIA # 60048
(URTS 16449) DOCID:
70106596

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: MILBANK, JEREMIAH, BOYS & GIRLS CLUBS OF AMERICA, NY
To: AG. ODD: NONE
Date Received: 06-29-92 Date Due: NONE Control #: X92063009923
Subject & Date

06-26-92 LETTER REGARDING THE WORK BEING DONE BY THE BOYS &
GIRLS CLUBS IN PROVIDING AN ALTERNATIVE FOR DISADVANTAGED
YOUNG PEOPLE WHO ARE SEEKING A BETTER LIFE. THEY HOPE THAT
THE AG, AS A LEADER AND A CARING INDIVIDUAL, WILL FIND THEIR
MISSION RELEVANT, AND THAT THEY CAN CALL ON THE AG's SUPPORT
IN THE VITAL WORK TO COME, W/ATTACHMENT.

Referred To:	Date:	Referred To:	Date:	
(1) OAG;	06-30-92	(5)		W/IN:
(2)		(6)		
(3)		(7)		PRTY:
(4)		(8)		1Z
INTERIM BY:		DATE:		OPR:
Sig. For: OAG		Date Released:		EHZ

Remarks
ORIGINAL ENCLOSURE TO OAG.

Other Remarks:

OLA CONTACT:

FILE: YOUTHS/GENERAL

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

26 June 92



**BOYS & GIRLS CLUBS
OF AMERICA**

National Headquarters
771 First Avenue
New York, NY 10017

(212) 351-5900
(212) 351-5972 FAX

DEPT

'92 JUN 29 P5:29

EXECUTIVE SECRETARY

June 26, 1992

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Jeremiah Milbank
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Thomas G. Garth
National Director

The Honorable William P. Barr
Attorney General
10th St. & Constitution Ave., N.W.
Room 5111
Washington, DC 20530-0001

Dear Mr. Barr:

Recent and troubling events place sharp focus on a crisis of neglect overwhelming millions of our young people. For too long they have been trapped by poverty, crime and violence.

That's the bad news. The good news is that at least one organization is doing something to make a difference.

For 132 years *Boys & Girls Clubs* have provided an alternative for disadvantaged young people seeking a better life. Caring staff help young people develop self-esteem and hope.

I hope that you, as a leader and a caring individual, will find our mission relevant, and that we can call on your support in the vital work to come.

Sincerely,

Jeremiah Milbank
Jeremiah Milbank
Chairman of the Board

JM:jak



BOYS & GIRLS CLUBS
OF AMERICA



SCREENED
PD43912
By ATS Date 8/25/14

Screened by NARA (RD-F) 01-31-2019
FOIA 60048 (URTS 16449) DOCID:
70106598

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT CONTROL DATA SHEET

From: PASENELLI, BURDENA, SPECIAL AGENT IN CHARGE, ANCHORAGE, AK
To: MAYBURY, RALPH/CTR FOR MISSING CHILDREN (CC:AG)ODD: NONE
Date Received: 06-03-92 Date Due: NONE Control #: X92060408606
Subject & Date
05-21-92 LETTER (COPY) OFFERING HER SUPPORT FOR THE ALASKA
CENTER FOR MISSING CHILDREN'S GOAL IN ASSISTING PARENTS AND
LAW ENFORCEMENT AGENCIES IN LOCATING AND RECOVERING MISSING
CHILDREN.

(1)	Referred To:	Date:	(5)	Referred To:	Date:	W/IN:
(2)	OAG;	06-04-92	(6)			
(3)			(7)			PRTY:
(4)			(8)			1Z
	INTERIM BY:			DATE:		OPR:
	Sig. For:	NONE		Date Released:		EHZ

Remarks
INFO: OJP, FBI.
(1) FOR INFORMATION.
(SEE EXEC. SEC. 92061809333.)

Other Remarks:

OLA CONTACT:

FILE: YOUTHS/MISSING CHILDREN

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY

21 MAY 92



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

'92 JUN -3 P12:13

EXECUTIVE SECRETARIAT

Post Office Box 100560
Anchorage, Alaska 99510
May 21, 1992

Ralph E. Maybury,
Director
Alaska Center for Missing Children, Inc.
1317 West Northern Lights Boulevard
Suite 855
Anchorage, Alaska 99503-2306

Dear Mr. Maybury:

I want to offer my support for your organization's goal in assisting parents and law enforcement agencies in locating and recovering missing children. The trauma experienced by the missing child, as well as the child's family, is immeasurable. Assistance provided to the family of the missing child can reduce the level of stress and give the family an understanding of the abilities of law enforcement agencies in attempting to locate missing children.

The National Center for Missing and Exploited Children, one of your organization's affiliated groups, recently provided our office with helpful literature on parental kidnapping.

Sincerely,

BURDENA G. PASENELLI
Special Agent in Charge

CC: Mr. William P. Barr,
U.S. Attorney General
U.S. Department of Justice
Office of Justice Programs
Indiana Building, Room 1300
633 Indiana Avenue, NW
Washington, D.C. 20530